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Extras (press & meeting)	8		
TOTAL	36	Extra agendas	37

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PRELIMINARY AGE

Joint Fiscal Committ November 17, 200: 9:30 a.m. Room 11, State Hou If you remove this stuff, return it intact to this folder.

9:30 a.m. Call to order

- 1. Approval of minutes of following meetings. September 13, September 28, and September 30; and September 15 joint JFC-Transportation Committee Chairs [4 enclosures]
- 9:35 2. Revenue update [Chief Fiscal Officer]
- 9:40 3. Fiscal Year 2006 budget adjustments and FY 2007 budget instructions [Commissioner of Finance and Management]
- 10:00 4. Report on allocation of pay act funds [Commissioner of Finance and Management] [enclosed]
- 10:10 5. Update on fiscal year 2007 residential and non-residential property tax [Joint Fiscal Office]
- 10:20 6. Fuel assistance update [Agency of Human Services]
 - 7. Health care [Medicaid/Global Commitment, Medicare]
- 10:35 a. Medicaid deficit projections update [Joint Fiscal Office]
- b. Medicare Part D [Joint Fiscal Office]
- 11:55

 c. Global Commitment preliminary presentation on Terms and Conditions [enclosure]
 [Susan Besio, Director of Planning, Agency of Human Services;
 Joshua Slen, Director of the Office of Vermont Health Access]

12:15 p.m. Executive Session

Homeland security grant [JFO #2226, approved in October 2005 through 30-day process] and audit [Department of Public Safety]

[over]

- 12:40 9. Joint Fiscal Office Fiscal Officer's report [Chief Fiscal Officer] [enclosure]
- 12:45

 10. Next Meeting Date [Global Commitment Terms and Conditions] –

 November 30 at 1:00 p.m., subject to JFC confirmation

Adjournment

Report(s) for information – no action required [Agency of Human Services will mail these reports directly to JFC members]

- 1. Health Access Trust Fund transfers [Sec. 104c(a) of Act 71 of 2005]
- 2. Department of Aging and Independent Living Developmental Services report on meeting requirements of Sec.138(b) of Act 71 of 2005

MINUTES

Joint Fiscal Committee Meeting of September 15, 2005

Representative Martha Heath, Chair, called the meeting of the Joint Fiscal Committee to order at 10:05 a.m. in Room 11, State House.

Present: Senators Bartlett, Cummings, Sears, Snelling and Welch Representatives Obuchowski, Perry, Severance and Westman

Others attending the meeting included several members of the Senate and the House of Representatives; State Treasurer Spaulding; Joint Fiscal Office staff; Legislative Council staff; Administration officials and staff; the news media; and representatives of numerous advocacy groups.

FISCAL UPDATE:

1. James Reardon, Commissioner of Finance and Management, provided revenue highlights through August 2005 and summarized some of the fiscal pressures and challenges facing the State during the current fiscal year and beyond.

General Fund receipts are \$1.9 million, or approximately 1.25 percent, below the target revenue for the first two months of FY 2006, although better than expected performance in August reduced the cumulative two-month shortfall resulting from weak July revenues. August receipts in the Transportation Fund similarly helped to balance a weak July performance, but that fund is down \$780,000 from estimated revenues. The Education Fund, on the other hand, exceeded projections for July and August by \$570,000, or close to 2.2 percent. In addition, in the current month the State has received an estate tax payment of \$13 million.

Due to uncertainty as to whether the recent hurricane Katrina disaster in the country's Gulf Coast region has a potential adverse impact on Vermont revenues, Mr. Reardon observed that there is a lot to be cautious about in looking ahead despite the economic activity and recovery experienced in the recent past.

In addition, there are many known and unknown significant budget pressures in FY 2006 and FY 2007, such as in the Medicaid program; increased fuel prices that impact the Low Income Home Energy Assistance Program (LIHEAP); the downturn in Transportation Fund revenues; and reclassification of positions in the Department of Corrections. For this reason, the Department of Finance and Management's fiscal year 2007 budget instructions have asked departments to identify the program ramifications of essentially level funded

budgets, although he pointed out that in reality a "level funded budget" is a misnomer. Mr. Reardon also explained why this year his department has asked for FY 2006 budget adjustment information to be submitted at the same time as initial requests for FY 2007 funding are due.

The Commissioner provided some details on budget adjustment pressures he cited earlier and on approaches under consideration to mitigate expected shortfalls in some of those areas, particularly in home fuel assistance and the Transportation Fund. A minimum of \$8 million more than currently is set aside will be needed to assist low income Vermonters pay their heating bills during the coming winter. To meet those needs, the Administration hopes to receive an additional \$3.2 million in contingency fund relief from the federal government; to transfer \$3.5 million from the weatherization trust fund to the Low Income Home Energy Assistance Program (LIHEAP), which would not adversely impact the activities covered by the trust fund; and to cover the remaining \$1.7 million from the General Fund surplus. Because of the escalating cost of fuel, Mr. Reardon anticipated that additional funds might be required to meet the demand for fuel assistance.

He also talked about some of the areas where the Administration recognizes the need to provide more funding, such as the Teachers Retirement System, higher education, several departments in the Agency of Natural Resources, and State Troopers.

Senator Bartlett asked that budget adjustment and FY 2007 budget submissions reflect the impact of escalating fuel costs. In an exchange with the Senator about the increased pressures in this area, Commissioner Reardon raised the subject of the directive in Act 71 (FY 2006 appropriations bill) to the Secretary of Administration to reduce in-state travel budgets by a total of \$300,000 and to encourage departments instead to use Vermont Interactive Television (VIT) for meetings. Although he is working with the VIT Executive Director, Mr. Reardon was not optimistic about achieving that level of savings through the increased use of VIT, at least in the first year. He noted that drawbacks are changing the culture and the lack of a Montpelier site.

Near the end of his remarks, Mr. Reardon told the Committee he expects that, for the first time in many years, the State's financial audit is expected to be completed by December.

REQUEST TO ACCEPT GRANT FROM NATIONAL GOVERNORS CONFERENCE (NGA) (JFO #1225):

2. During his presentation, Commissioner Reardon relayed a request from the Administration that the Committee today authorize the acceptance of an NGA grant for up to \$10,000 to sponsor Governor Douglas' summit conference on health care reform to be held at the Killington Grand Hotel on October 17,

2005. NGA sponsorship will make it possible for the event to be free to the participants.

Copies of the grant acceptance forms and accompanying letter from the Secretary of Administration were distributed at this time. Because of time constraints, the Administration chose to present the request at this meeting rather than use the normal grant approval process.

Representative Obuchowski asked that action on the request be delayed until the afternoon, to give the members an opportunity to review it. There were no objections.

At the end of the meeting, the Committee resumed consideration of the grant. Representative Obuchowski wanted to know what percentage of the NGA's total income basis comes from the pharmaceutical industry and other health care interests. Since an answer to his question apparently was not readily available, he indicated he would vote against the motion.

Representative Westman moved approval of the grant. His motion was seconded by Senator Snelling. At Representative Obuchowski's request, the vote was taken by roll. The motion was adopted by a vote of eight (8) to one (1) with Senators Bartlett, Cummings, Sears and Snelling and Representatives Heath, Perry, Severance and Westman (8) voting in favor; and Representative Obuchowski (1) voting in the negative.

Representative Obuchowski asked that the record reflect he voted against the motion for the reason explained prior to the vote.

HUMAN SERVICES CASELOAD RESERVE:

3. In accordance with 32 V.S.A. Sec. 308b(b) requiring an annual report on the status of the Human Services Caseload Reserve, Commissioner Reardon reported that there was no transfer to the Reserve as part of the State's Fiscal Year 2005 closeout. The balance of the Reserve as of June 30, 2005 is \$18,543,422.

APPROVAL OF MINUTES:

4. Representative Severance moved approval of the minutes of the July 14, 2005 meeting, as submitted. The motion was seconded and adopted.

RESIDENTIAL AND NON-RESIDENTIAL TAX RATES:

5. At the request of Representative Obuchowski at the July meeting, Mark Perrault of the Joint Fiscal Office reported briefly as to the staff's estimate of what fiscal year 2007 residential and non-residential tax rates should be.

Mr. Perrault distributed a memorandum on this subject, which he then orally highlighted. He reported that if the \$27 million figure currently projected as

the Education Fund undesignated balance in FY 2007 holds, it should be possible to reduce education tax rates three to five cents for that year. An additional five-cent reduction in the rates would lower the statutory tax rates by thirteen cents, with the base homestead tax rate dropping from \$1.10 to \$0.97 and the uniform non-homestead tax rate decreasing from \$1.59 to \$1.46. The base rate for income-sensitized taxpayers would drop from 2% to 1.76% of household income (in proportion to the homestead rate).

His report made the point that FY 2007 would be the third consecutive year since Act 68 was enacted in which education tax rates have been lowered. The impact of tax rate reductions, however, has been more than offset by growth in property values and education spending. Thus, again in FY 2007 many taxpayers may see an increase in their education tax bills despite the decrease in the base education tax rates.

An adjustment to the education tax rates will be recommended to the General Assembly on or before December 1st.

Mr. Perrault's report was followed by questions and brief discussion.

FUEL ASSISTANCE UPDATE:

6. Also in response to a request by Representative Obuchowski at the prior meeting, Betsy Forrest, Deputy Commissioner, Department of Children and Families, Economic Services Division, outlined the current situation with respect to the fuel assistance program. Also present for the discussion was Pam Dalley, Fuel Assistance Program Chief.

Ms. Forrest told the Committee that there has been an increase in the number of applications for assistance, and that they are still arriving. She cited dollar and percentage increases in the cost of heating oil, kerosene, and propane as compared with last year; gave figures on average fuel assistance payments last year to people who paid for their own heating source; and provided information on the decline in the percentage of total State assistance for heating a three-bedroom home last year compared to ten years ago. To return to the 62 percent level of ten years ago, the State would have to pay an average benefit this year of \$1,364.

The Deputy Commissioner advised of some of the uncertainties confronting the State with respect to the fuel assistance, such as the amount of the federal block grant; whether the federal administration will release all the fuel assistance contingency funds; how many households will be eligible for assistance this year; and whether prices will continue to escalate, stay level, or decline.

Discussion followed Ms. Forrest's report. Representative Obuchowski later asked that the November agenda include another update on fuel assistance.

FEDERAL TRANSPORTATION FUNDING REAUTHORIZATION:

7. Dawn Terrill, Secretary of the Agency of Transportation, reported on new federal legislation which will make available substantial new funding for Vermont's transportation needs through federal fiscal year 2009. The name of the federal legislation is "Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users" (SAFETEA-LU).

Ms. Terrill gave a PowerPoint presentation, also providing the members with the same information and other handouts in written format. (These reports are on file in the Joint Fiscal Office, as is a one-page handout setting forth options for raising state matching funds for increased federal apportionments.)

A salient point of her remarks was that although SAFETEA-LU is expected to increase federal funding of the state's transportation projects by an average of approximately \$61 million per year, it also creates in future years an average of \$19 million in new state dollars to match the federal funding and to address existing pressures on state funds. The Secretary also stressed that a significant portion of the federal money (\$137.8 million) is earmarked for high priority projects which are not necessarily the state's priorities; and that historically as federal transportation bills move through the authorization process only about 90 percent of the annual apportionments end up being released to the state.

Secretary Terrill's presentation was interspersed with questions and comments from Committee members.

At 11:45 a.m., when Ms. Terrill began to discuss projects that would be advanced with the approval of a \$5 million transfer from the state's FY 2005 General Fund reserve to the Transportation Fund, the Chair recessed the meeting to convene a Special Committee consisting of the Joint Fiscal Committee and the Chairs of the House and Senate Committees on Transportation. (Minutes of that special committee are in a separate document from these minutes.)

The Joint Fiscal Committee meeting reconvened at 1:25 p.m.

DEPARTMENT OF AGING AND INDEPENDENT LIVING – DEVELOPMENTAL SERVICES REPORT REQUIRED BY ACT 71 OF 2005:

8. Commissioner Reardon and Theresa Wood, Deputy Secretary of the Department of Aging and Independent Living (DAIL), presented a report required by Sec.138(b) of Act 71 of 2005.

Services and the DAIL Commissioner ensure that developmental services programs meet certain requirements with respect to the caseload needs for three categories of individuals with developmental disabilities: emergency caseload, public safety, and high school graduates. It further requires a report to the Joint Fiscal Committee at its September and November meetings as to the fiscal and program implications of meeting the foregoing requirements, and "a review of the fiscal year 2006 inflationary increase available to the designated provider agencies for developmental services and the impact on any other division or department with the agency."

The members listened to a recap from Deputy Commissioner Wood of the developmental disabilities caseload update set forth in a September 8 memorandum to the Committee from Secretary of Human Services Michael Smith and Commissioner Reardon. (That memorandum is on file in the Joint Fiscal Office.) Caseload capitation information included the FY 2006 budgeted caseload estimates in the three categories of individuals with developmental disabilities; the actual caseloads as of September 1; the average annual cost of each individual to the caseload; and the fiscal year 1006 average cost to the caseload.

As of September 1, no individual who met the FY 2006 System of Care Plan funding priorities has been denied services. Furthermore, as of June 30, 2005 there were 28 individuals on the Flexible Family funding waiting list. DAIL has allocated \$1,086,890 in Flexible Family funding, with the concurrence of the General Assembly and the Administration in anticipation of funding under the Global Commitment Medicaid reform waiver. That sum is \$640,178 in excess of available General Funds to the department.

Developmental services providers received a 3.75 percent cost of living increase on services funded in the Agency of Human Services, while a 2 percent reduction was effected in existing consumer budgets in order to be applied to the FY 2006 caseload needs.

Ms. Wood and Mr. Reardon answered committee members' questions about the information presented as well as various other aspects of these developmental disabilities programs and caseloads.

MEDICAID COSTS - 5-YEAR FORECASTS:

- **9.** Steve Kappel of the Joint Fiscal Office distributed and explained two spreadsheets depicting all the State's Medicaid costs for the current year fiscal year through 2010, in terms of both spending and revenue.
- Mr. Kappel pointed out that the summary sheet showed a consensus forecast, representing agreement between the Joint Fiscal Office and the Office

of Vermont Health Access, with considerable input from the Department of Finance and Management as well as the Agency of Human Services. He also observed that the figures will change with actual FY 2005 and first quarter FY 2006 numbers, and that the information presented is based entirely on historical assumptions and did not reflect any policy decisions the Legislature might approve.

Mr. Kappel's presentation reflected the fact that while at the time the budget was passed a modest surplus of State funding of Medicaid expenditures was projected, adjustments in assumed spending since the General Assembly adjourned point to a deficit of over \$4.5 million in the current fiscal year. The cumulative two-year deficit in FY 2007 at this point is projected to be nearly \$80 million, while nearly \$440 million is the estimated cumulative figure through FY 2010.

Committee members questioned Mr. Kappel about the large increase in the deficit from the current year to FY 2007. In part it is a reflection of the fact that use of one-time funds has reduced the size of this year's deficit. Asked by Senator Welch about specific components of the \$80 million, Mr. Kappel said he did not yet have sufficient information to enable him to examine the effects of utilization versus reimbursement changes.

As the discussion concluded, Representative Perry indicated he did not want to wait until the Legislature reconvenes to start addressing a deficit that the Global Commitment Medicaid reform waiver, if approved, may only partially address.

GLOBAL COMMITMENT:

10. a. The Committee held a brief conversation via speaker telephone with Theresa Sachs and Eileen Ellis, both principals with the firm of Health Management Associates (HMA). At the behest of the Chair and Vice Chair of the Joint Fiscal Committee, the Fiscal Office contracted with that firm to provide an independent review of financial and programmatic documents related to the proposed Global Commitment.

The purpose of the telephone session, the Chair explained, was to acquaint the members with Ms. Sachs' and Ms. Ellis' experience with Medicaid prior to meeting with them on the afternoon of September 28.

b. Joshua Slen, Director of the Office of Vermont Health Access (OVHA), provided the Committee with a broad overview of the Global Commitment documents which were transmitted via electronic mail to the members in the two days preceding the meeting. These included the Center for Medicare & Medicaid Services (CMS) special Terms and Conditions for the Global Commitment waiver program, dated September 13; a listing of the federal Title XIX waivers in connection with this undertaking; a September 14 memorandum from Susan

Besio, AHS Director of Planning, listing a number of changes in the Terms and Conditions; and a highlight sheet excerpting some of the protections and opportunities under the proposal and listing important beneficiaries' guarantees under the new program.

Additional documents were provided by the Joint Fiscal Office, including the written contract proposal from HMA referred to in Item 9.a. above and a September 12 letter to Secretary of Administration Charles Smith from the Chair and Vice Chair outlining concern that the delay in the Committee's receipt of the final waiver terms might impede timely action on the Global Commitment proposal.

In summarizing some of the advantages to Vermont of the program, Mr. Slen pointed out that the waiver provides a total of \$500 million in space, or \$100 million per year, for unforeseen events such as future caseload growth. Another potential benefit he cited is that federal funds might be used to supplant some preventive investments now fully funded by the State dollars. The result could be between \$135 and \$165 million in avoided State expenditures over the five-year term of the waiver.

The \$4.7 billion cap which Vermont will receive over the five-year term of the waiver excludes the State's disproportionate share of hospital payments and other certain other programs which Mr. Slen mentioned. Responding to inquiries from the members, he said that the recently-signed long-term care waiver is a stand-alone program with its own terms and conditions and its own budget neutrality cap.

On the question of timing and additional steps and approvals that need to occur before the waiver becomes operational, he explained that the Secretary of the U. S. Department of Health and Human Services must sign it, which he believed is scheduled for next week; and that once that happens the Joint Fiscal Committee will be asked to approve it, since the General Assembly is not in session, and then the Governor will submit an acceptance letter.

Representative Obuchowski said he understands that associated with other block grants are operational protocols, and he asked if one will be developed with the Global Commitment waiver. Mr. Slen's understanding was that an operational protocol will not be needed, but instead a monthly call will be scheduled between the State officials and its CMS waiver contact, as stipulated in the terms and conditions. Those calls, the requirement for which is set forth in the Terms and Conditions, will substitute for an operational protocol as far as keeping CMS up to date on developments affecting the demonstration program.

Also responding to inquiries from Representative Obuchowski about how the actuaries will operate and what criteria the actuaries will use, Mr. Slen said work is underway on developing actuarial rates. He explained the methodology being used to do so. He also stated that OVHA has offered the Joint Fiscal Office the opportunity to meet with the actuaries and also to make them available to members of this Committee. Although he did not have a list at the meeting of the data elements being used, he offered to make available all the reports given to the actuaries.

Among other questions on specific aspects of the waiver were some from Representative Perry about what the \$500 million represents and how the State can use that money. Mr. Slen explained that that figure represents the difference between currently projected total State and federal spending on all the programs under the cap, which is \$4.2 billion, and the \$4.7 billion waiver cap. It is the total latitude within which to cover program growth or to pay for additional programs, or the State could utilize it to identify between \$135 million and \$165 million in opportunities to pay for programs which otherwise would not qualify for federal matching funds.

In the course of continuing deliberations, members asked various questions on a wide range of issues around the waiver program, such as what the advantages and benefits to the State and its Medicaid programs will be under the waiver program; how to withdraw from the demonstration project should the State choose to do so, and the ramifications of doing so; provisions for extending it beyond five years; and whether there have been meetings to discuss terms and conditions that have been open to the public and the press.

Much of the discussion centered on how the members can best educate themselves and their constituents about the facts and implications of Global Commitment before the Committee is expected to make a decision on the September 28 meeting scheduled for that purpose. Senator Welch, for example, observed that the implications are profound and that the Committee faces making a decision that he regards as more significant than voting on the State budget. He went on to talk about the enormity of this decision for the people of Vermont and the state's unique position in the nation of assuming a responsibility of this magnitude for its Medicaid programs. The Senator was concerned about the Committee's having to vote on this matter so quickly, without the opportunity to hear testimony from the actuaries and from qualified people other than State officials or to fully brief all members of the Legislature about the ramifications of Global Commitment.

The Chair, agreed that legislators are confronting a lot of unknowns. While there may be answers by September 28, she urged the members to try to obtain those answers prior to that meeting. She also considered it important for someone to maintain an ongoing record of questions for the actuaries. Additionally, she mentioned that she has asked that, if possible, the consultants provide their report in writing prior to their meeting with the Committee on that date.

Senator Bartlett recommended the members' channeling their questions for consultants through the Fiscal Officer. Mr. Klein said that as questions are posed by legislators, the office forwards them to the actuaries.

Senator Welch then said his questions about Global Commitment fall into two categories: (1) empirical questions, for which there will be precise answers, such as, what is the base?; how are adjustments in it made?; and what is the financial bottom line for Vermont under Global Commitment as compared with the status quo?; and (2) the implications of going from an entitlement program to a block grant. He believed there is a lot of risk in the latter because the federal government is trying to shift the financial burden of a number of programs, including Medicaid.

The remaining discussion centered on process in the interval between this meeting and the one on September 28. Senator Welch suggested that the Joint Fiscal Office might circulate via email the Terms and Conditions and ask various organizations experienced with waivers to review them. Mr. Klein advised that the process of posting the documents on the Joint Fiscal Office and Legislative web sites already has begun, and he thought soliciting questions and feedback for the staff's and consultants' consideration might be effected through those sites.

HEALTH CARE COMMISSION:

11. Mr. Klein reported that the position of Director of the Commission on Health Care Reform established by the 2005 Legislature has not yet been filled. As a result, the group at its next meeting may consider a reduced proposal to hire a staff director and a consultant. Also under reconsideration are the Requests for Proposal (RFP) pertaining to what will actually be studied and how the studies will be structured; for example, whether there will be a short-term component and a longer term one. He mentioned that Steve Kappel is leading in the RFP development process, for the major studies, while Catherine Benham has been designated to coordinate the recruitment of a director and in the meantime is acting as lead legislative staff member to the commission.

When Mr. Klein offered to update the members at their next meeting about developments with the Commission, the Chair asked him instead to send them a memorandum.

TAX EXPENDITURE REPORTING:

12. Susan Mesner from the Tax Department presented a report required in Section 27 of Act 75 (miscellaneous tax amendments) of the 2005 session. That section mandated the Tax Department to file annual transitional reports with the Finance, Ways and Means, and Appropriations committees in each of the next three years on tax expenditures reported under various major tax categories and other tax expenditures for which it and the Joint Fiscal Office jointly have produced revenue estimates. It further directed the two entities to file joint

reports to this Committee "...identifying specific tax expenditures or categories of expenditures in addition to those reported to the tax department for which revenue estimates shall be included...." in the reports to be filed with the standing committees.

Ms. Mesner highlighted some of the information contained in a written report mailed to Committee members prior to the meeting. [That report is on file in the Joint Fiscal Office.] That document summarized points of agreement between the Tax Department and Fiscal Office on which personal and corporate income tax expenditures will be omitted and which will included in the January 2006 tax expenditure report, and it also touched on initial work to list sales tax exemptions in anticipation of the report due the following year.

Representative Obuchowski asked Ms. Mesner to circulate her written report to the members of the Ways and Means and Finance committees to let them evaluate it and provide feedback.

FISCAL OFFICER'S REPORT:

- **13.** Mr. Klein's referred members to his written report mailed prior to the meeting and sought Committee action on two matters:
- a. \$20,000 expenditure for Health Management Associates, the consulting firm hired, with the advance approval of the Committee Chair and Vice Chair, to examine the Global Commitment Medicaid waiver reform proposal. This expenditure may require an adjustment in the Joint Fiscal Office budget during the 2006 session.

Senator Sears moved approval of the \$20,000 expenditure. The motion, which was seconded by Senator Cummings, was adopted.

b. A decision on renewal of Tom Kavet's contract to provide economic and revenue consulting services. Details on terms of the renegotiated contract were set forth in the Fiscal Officer's report and an attachment thereto. Mr. Klein has renegotiated a contract through September 30, 2009, at which point the Fiscal Office would formally go out for bid.

Essentially, the contract raises base costs about 7 percent in the first year and 3.2 percent a year after that, and it increases the hourly billable rate for Mr. Kavet's and his associate's ad hoc services to \$100 an hour, from \$90. This rate would not change during the four-year period. Among provisions of the new agreement would be that the hourly rate will drop to \$80 per hour if the consultants' services were used more than 200 hours in a given contract year.

The Committee voted in the affirmative on a motion from Senator Bartlett to authorize the four-year contract renewal with Mr. Kavet under the terms outlined in Mr. Klein's report.

F. Catons

FUTURE MEETING DATES:

14. The Committee confirmed the decision to meet day on September 28 to continue consideration of the Global Commitment waiver proposal, and to hold the next regular meeting on November 17.

The meeting was adjourned at 3:45 p.m.

Respectfully submitted:

Virginia F. Catone Joint Fiscal Office

MINUTES

Special Committee Joint Fiscal Committee Transportation Committee Chairs

Meeting of September 15, 2005

At 11:45 a.m. in Room 11, State House, Representative Martha Heath, Chair, called to order a meeting of a special committee consisting of the Joint Fiscal Committee and the Chairs of the House and Senate Transportation committees.

Also present: Senators Bartlett, Cummings, Sears, Snelling and Welch Representatives Obuchowski, Perry, Severance and Westman (also Chair of the House Transportation Committee) Senator Mazza, Chair, Senate Transportation Committee

Others attending the meeting included several members of the Senate and the House of Representatives; Joint Fiscal Office staff; Legislative Council staff; Administration officials and staff; and the news media.

REQUEST TO TRANSFER GENERAL FUNDS TO TRANSPORTATION FUND:

The special committee met for the purpose of considering a request from the Secretary of Administration to transfer \$5,000,000.00 in general funds from the fiscal year 2005 general fund reserve to the transportation fund. Authority for such a transfer was set forth in Section 257 of Act 71 of 2005 (fiscal year 2006 appropriations), with the following conditions placed on approval:

- (1) Passage of the federal "Safe, Accountable, Flexible, and Efficient Transportation Equity Act" (SAFETEA) with the result of additional federal funds available for Vermont;
- (2) A finding by the Secretary of Administration and a determination by the special committee that:
 - (A) The general fund surplus reserve has sufficient funds;
 - (B) Insufficient state funds have been appropriated for a match to transportation projects that could be done in state fiscal year 2006:
 - (C) Funding additional projects prior to awaiting the budget adjustment process is in the best interests of Vermont; and
 - (D) The general fund budget adjustment needs will be able to be addressed with remaining or other funds.

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Special committee members received a letter dated September 14 from Secretary of Administration Charles Smith advising that the four conditions have been met. (The letter, which contained brief information addressing each of the conditions, is on file in the Joint Fiscal Office.)

Dawn Terrill, Secretary of the Agency of Transportation, distributed a sheet listing fiscal year 2006 priority projects that need additional State funds based on passage of the new federal bills and reflecting the estimated amount of State funds required for each. She also provided the Committee with a summary of priority projects and amounts which the new legislation has earmarked.

After discussion with the Secretary primarily on timing, including the importance of approving the \$5,000,000 transfer to advance the time frame so that projects funded this year can start in April, the special committee recessed at 12:20 p.m.

It reconvened at 3:45 p.m., at which time Chief Fiscal Officer Stephen Klein distributed a letter from him to the members making a number of comments on the transfer and conveying his agreement that the transfer is appropriate.

The Committee voted affirmatively on a motion to approve the Secretary of Administration's request to transfer \$5,000,000 from the fiscal year 2005 general fund reserve to the transportation fund.

The meeting was adjourned at 3:55 p.m.

Respectfully submitted:

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Virginia F. Catone Joint Fiscal Office

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MINUTES

Joint Fiscal Committee Meeting of September 28, 2005

Representative Martha Heath, Chair, called the meeting of the Joint Fiscal Committee to order at 10:05 a.m. in Room 11, State House.

Also present: Representatives Obuchowski, Perry, Severance and Westman Senators Bartlett, Cummings, Sears, Snelling and Welch

Others attending the meeting included Joint Fiscal Office and Legislative Council staff; Administration officials; Theresa Sachs and Eileen Ellis from the firm of Health Management Associates; representatives of various advocacy groups; and the news media.

GLOBAL COMMITMENT MEDICAID WAIVER:

The purpose of the meeting was to consider the agreement negotiated by the State with the federal government to transform the current method of funding Vermont's Medicaid program to a system of federal participation, known as the Global Commitment Medicaid reform waiver. Act 71 of 2005 (fiscal year 2006 appropriations), Section 250(c) provided that, if the General Assembly is not in session, any such agreement is conditional upon a majority vote of the Joint Fiscal Committee, upon recommendation of the Health Access Oversight Committee.

At the outset of the meeting, Chairperson Heath outlined the process that she envisioned for this meeting and the one scheduled for Friday, September 30. Today's session she planned to devote to taking testimony from outside consultants and Committee and Administration staff and asking questions of those individuals; conferring via telephone with an actuary retained by the Administration to develop actuarial rates on which premium rates will be based; and further discussing the Global Commitment proposal presented at the September 15 meeting.

The Health Access Committee is to meet on Friday morning, September 30, followed by an afternoon meeting of this Committee at which time the Chair expected to consider the recommendation of the other committee and take formal action. She said that members unable to travel to Montpelier for what she anticipated would be a relatively short meeting could participate in Friday's discussion via telephone.

Members then heard testimony from Theresa Sachs and Eileen Ellis, principals with the firm Health Management Associates (HMA). That firm was retained by the Joint Fiscal Office, with the advance authorization of the Chair and Vice Chair of the Fiscal Committee, to provide an independent review of Global Commitment financial and programmatic documents. [Note: Hard copies of the PowerPoint presentations from HMA were distributed at the meeting. They, along with numerous documents provided by the Administration and the Joint Fiscal Office as well as newspaper articles and written statements from several organizations which were collated by the staff into a "Global Commitment Materials Book," are on file in the Joint Fiscal Office.]

A principal issue raised by the consultants and addressed intermittently during the discussion was that the Special Terms and Conditions (distributed to Committee members at their September 15 meeting) are the only documentation of the Global Commitment agreement between the Agency of Human Services (AHS) and the Centers for Medicare and Medicaid Services (CMS). In the absence of an operational protocol, Ms. Sachs and Ms. Ellis recommended that all understandings between the two parties should be in writing, such as a letter from AHS to CMS setting forth all agreements beyond the Special Terms and Conditions.

The fact that initial premiums have not been set was also a concern of the consultants, who recommended that these should be available before the waiver is approved and implemented. This subject was discussed periodically during the meeting, as reflected elsewhere in these minutes.

Members had an opportunity during and after Ms. Sachs' and Ms. Ellis' presentations to ask questions about their findings.

The Committee also heard from with Steve Kappel of the Joint Fiscal Office; Joshua Slen, Director of the Office of Vermont Health Access (OVHA); Susan Besio, Director of Planning, Agency of Human Services; and Scott Wittman from Pacific Health Policy Group. Mr. Wittman has been working for the Administration on financial modeling and has participated in its negotiations with the federal Centers for Medicare & Medicaid Services (CMS) on Global Commitment.

The Committee adjourned for lunch at 12:00 noon and reconvened at 1:05 p.m.

Susan Besio started off the afternoon portion of the meeting, describing process and timing aspects of Global Commitment. In response to the many questions posed by Committee members about the monetary consequences of postponing action until late in November or even the 2006 legislative session, she estimated the cost to the State for each week of delay beyond the planned October 1 start date would be between \$500,000 and \$1,000,000 a week.

Pointing out that Global Commitment represents negotiations between Vermont and CMS, and that the Joint Fiscal Committee is being asked essentially to approve those negotiations, Representative Obuchowski proposed that the State request a delay in the October 1 date.

On the question of Committee approval of the waiver pending establishment of premiums from the actuary, Ms. Besio and Mr. Slen gave assurance that interim rates would be set, basically based on FY 2006 budget assumptions, and then adjusted once the actuary produces rates. She also observed that implementation on a starting basis that does not coincide with the start of a fiscal quarter would entail extensive staff time in adjusting Federal and State reports.

Later in the meeting, the Chair received confirmation from Mr. Slen that if the final premium rates should be unacceptable, the State can terminate the waiver agreement.

Upon request of several members, Mr. Slen provided copies of CMS's letter of approval of the Global Commitment demonstration project. [That letter is on file in the Joint Fiscal Office.] He also agreed later to provide electronically to the Fiscal Office by the September 30 meeting the CMS letter agreeing to interim rates.

The Chair suggested that the Committee consider preliminary approval of the waiver contingent upon three conditions: (a) learning the amounts of the initial premiums and whether the staff and consultants consider them reasonable to accomplish the State's desired goals; (b) submission of a letter from AHS to CMS relating to understandings not explicitly covered in the Special Terms and Conditions which it approved; and (c) the opportunity for legislative clarification on the actuarial process and premiums.

In the course of the deliberations, Senator Snelling referred to a letter sent to Committee members from a prominent national organization representing children's interests, voicing strong concern over the Global Commitment proposal. The Senator expressed the hope that at some point the members will be provided with a statement that can be used as a response to such letters and to correct misinterpretations of the impact of the waiver.

Representative Obuchowski at the outset of the meeting had expressed concern over a press report that a "deal" had been brokered with the Administration over conditional approval of the Medicaid waiver. The implication was that the Joint Fiscal Committee already had established a position, contrary to the provision in Act 71 that the Committee vote shall follow a recommendation of the Health Access Oversight Committee. Senator Bartlett later responded to Representative Obuchowski concerns, describing her recent conversations with the Governor and senior Administration officials, and also with Joint Fiscal Office

staff, as seeking answers to questions. She made clear that no commitments were made on behalf of this Committee.

At 2:30 p.m. the Committee conversed via speaker telephone with William Finch from the Milliman consulting firm, which has been retained by the Administration to undertake the actuarial studies.

After providing a brief overview of what it means to set actuarial rates, Mr. Finch answered questions from the members on such wide-ranging topics as the firm's work for other states, its responsibilities to both Vermont and CMS in this endeavor, and details about elements that will be assessed in relationship to Global Commitment. He advised that his firm has just received most of the data required and needs sufficient time to analyze it. Replying to an inquiry, he said he did not expect a draft report to be ready within the next two weeks.

Upon conclusion of the conversation with Mr. Finch, the Committee resumed its deliberations, including receiving a presentation from Mr. Kappel of a summary analysis he had prepared on Global Commitment.

The Chair reiterated that there would be another meeting on this subject on Friday, September 30, at 2:00 p.m. That meeting will take place regardless of whether the Health Access Oversight Committee has a recommendation, although she did not think the Joint Fiscal Committee can take action if there is not a recommendation.

Chief Legislative Council William Russell then advised that, in his opinion, it can act on this matter without a recommendation from the other committee.

The Chair restated her view that approval of Global Commitment should be contingent upon CMS's approval in writing to understandings between it and the State not explicitly covered in the Special Terms and Conditions.

Representative Obuchowski was highly complimentary of the Chair for the manner in which she has guided the Committee through the process of consideration of Global Commitment. Senator Welch echoed this praise.

The meeting was adjourned at 3:35 p.m.

Respectfully submitted:

Virginia F. Catone
Joint Fiscal Office

F. Catons

MINUTES

Joint Fiscal Committee Meeting of September 30, 2005

Representative Heath, Chair, called the Joint Fiscal Committee meeting to order at 2:15 p.m. in Room 10, State House.

Also present: Representatives Obuchowski, Perry, Severance and Westman
Senators Bartlett, Cummings, Sears (by telephone),
Snelling, and Welch

Others attending the meeting included several members of the Senate and House of Representatives; Joint Fiscal Office and Legislative Council staff; Administration staff; representatives of numerous advocacy groups; and the news media.

DISTRIBUTION OF COMMUNICATIONS:

1. The Chair called the members' attention to letters placed in front of them on several subjects not all related to the subject matter of this meeting, including: a September 30 memorandum from the Secretary of Administration on the subject of fuel assistance; a memorandum of the same date from Stephanie Barrett of the Joint Fiscal Office concerning updated FY 2007 FMAP estimates; and a September 29 letter from Representative Kiss asking the Committee to delay a final decision on Global Commitment until the full Legislature can participate.

GLOBAL COMMITMENT – RECOMMENDATION FOR ACTION AND DISCUSSION:

2. The sole subject of this meeting, as announced at the Committee's September 28 meeting on the same topic, was to receive and act on a recommendation from the Health Access Oversight Committee on the Global Commitment Medicaid waiver between the State of Vermont and the federal Centers for Medicare and Medicaid Services (CMS).

At the Chair's invitation, Senator Jeannette White, Chair of the Health Access Oversight Committee, joined the members. She described the paramount reservations of her committee over the waiver proposal, among them time constraints and deep concerns about the rights of Vermont's most vulnerable citizens. She also cautioned that the waiver represents just a partial solution to the overall problem the State faces with respect to Medicaid and health care.

The Health Access Oversight Committee's recommendation was that the Joint Fiscal Committee grant contingent approval of the Global Commitment

waiver program. Senator White reported that while all members of the oversight committee agreed to the conditions placed on her panel's recommendation, the vote was not unanimous: six (6) members voted in favor, three (3) against the recommendation. [Note: the verbatim recommendation of the oversight committee is on the taped record of both committee is minutes will reflect just the recommendation as approved by the Joint Fiscal Committee.]

The Senator then proceeded to review the conditions her committee recommended be attached to approval and to explain the intent of each. Her presentation was interspersed with questions of information, process and clarification about the recommendation. Among them was Representative Obuchowski's as to whether Vermont's Attorney General had reviewed the waiver documents, including the Special Terms and Conditions, constituting intergovernmental agreements between CMS and the State. The answer was no. This subject was addressed periodically during the meeting, and the members agreed to the Representative's request to include that requirement in its conditions for granting full approval to the waiver program by November 17.

Although not a part of its formal recommendation, Senator White reported that the Health Access Oversight Committee strongly supports a legislative staff position with responsibility to keep track of implementation of the Global Commitment program and to serve as a liaison with the Administration, the community, and advocacy groups on the subject. Senator Bartlett expressed the opinion that the Legislature is understaffed and needs to create a position for someone to specialize and focus in this area. Other members indicated support for this point of view, and the Joint Fiscal Committee's action reflected that endorsement.

Several of the relatively few changes which the committee decided to add to the oversight committee's formal recommendations resulted from discussion centering on the two committees' role in agreements regarding criteria to be used to ensure that premiums in future years will not be affected negatively by any successful cost savings efforts achieved by the State [section (b)(3) in the action reflected below].

Senator Welch observed that a major concern of legislators is whether the Global Commitment project constitutes any jeopardy to the Legislature's retaining authority over all decisions pertaining to Medicaid and access to health care by shifting authority to the Administration. Senator White replied that her committee gave considerable attention to this subject, and she felt that condition (c) addressed it. She acknowledged that with a part-time citizen Legislature and not a large staff, there is a risk that decisions will be made by the Administration. She pointed out, however, that monitoring the waiver program will be a responsibility of the new staff person.

Senator Welch subsequently made clear that there should be no misconception that agreement to embark on the Global Commitment waiver program indicates willingness on the part of the Legislature to compromise health care for Vermonters.

After the deliberations with Senator White concluded, the Chair invited Administration staff to comment. Joining the Committee were Joshua Slen, Director of the Office of Vermont Health Access; and Susan Besio, Director of Planning, Agency of Human Services.

Mr. Slen distributed a letter dated September 29 to Secretary of Human Services Michael Smith from the Centers for Medicare & Medicaid Services (CMS). That letter conveyed CMS's approval of the Global Commitment Demonstration Waiver program and outlined its understanding of requirements pertaining to premium payments.

Mr. Slen went through each section of the proposed action and cited several points which he requested be modified for clarity or accuracy.

The Chair recalled that at the prior meeting the consultants had stressed, and the Committee agreed, that there should be written documentation of all changes in the agreement that have occurred since the original proposal was submitted to CMS in April. She remarked that it is important to the Joint Fiscal Committee that that process be completed by November 17, the next scheduled meeting date of the committee.

Chief Legislative Counsel William Russell also participated in the discussion, including distributing a version of the Health Access Oversight Committee's recommendation that he redrafted to reflect Mr. Slen's requested changes.

GLOBAL COMMITMENT - NEW LEGISLATIVE STAFF POSITION:

3. On a motion from Senator Welch, seconded by Representative Perry, the Joint Fiscal Committee by voice vote unanimously authorized the establishment of a staff position in the Joint Fiscal Office to assist the Legislature in the oversight and implementation of the Global Commitment to Health Demonstration Waiver Program as approved through action of this Committee [see below]; and to report to and serve as a liaison with the Health Access Oversight Committee, the Joint Fiscal Committee, and the Medicaid Advisory Board on this subject.

Although not included in the action, it was understood that the position probably would be for a one-year period. Prior discussion also reflected the wish of both legislative committees that the individual hired would serve as a liaison between the community and advocates as implementation of the waiver project proceeds.

GLOBAL COMMITMENT PROGRAM APPROVAL:

- 4. Senator Bartlett moved, and Representative Westman seconded, that the Joint Fiscal Committee accept and approve the recommendation of the Health Access Oversight Committee to grant contingent approval of the Global Commitment to Health Demonstration Waiver Program, with amendments as reflected below:
 - (a) That the Joint Fiscal Committee, pursuant to its authority under Section 250(c) of Act 71 of 2005, grant contingent approval to the Global Commitment to Health Demonstration Waiver Program negotiated by the Administration and the Centers for Medicare and Medicaid Services (CMS) as delineated in Special Terms and Conditions, Number 11-W-00914/1, dated September 27, 2005, and that pursuant to this contingent grant of approval the Administration may begin implementation of the Demonstration Waiver Program on October 1, 2005 for the five year period, from October 1, 2005 through September 30, 2010.
 - (b) That the Joint Fiscal Committee's full approval to the Global Commitment to Health Demonstration Waiver Program be granted on or before November 17, 2005, if, on or before that time, the Joint Fiscal Committee finds that the following conditions have been met:
 - (1) Complete demonstration provisions furnished. That a complete and comprehensive listing and description of all the provisions of the Demonstration Waiver agreement be prepared and included in the letter of acceptance to CMS by the Office of Vermont Health Access (OVHA) and provided to the Joint Fiscal Committee, comparing the original proposal for the Demonstration Waiver Program with the outcome of negotiations with CMS; and that the Joint Fiscal Committee finds that these final provisions are in accord with the terms and conditions presented to the Joint Fiscal Committee as the basis for its contingent approval.
 - (2) Final premium amounts determined to be sufficient. That OVHA present to the Joint Fiscal Committee the final premium amounts adopted by the Agency of Human Services (AHS) upon actuarial certification, and that the Joint Fiscal Committee finds that such amounts are sufficient to support the Demonstration Waiver Program including the state's current Medicaid and expansion programs.
 - (3) Agreement regarding future years' premiums. That AHS work with CMS regarding the criteria utilized in future waiver years in order to ensure that future premiums will not be negatively affected by successful cost savings efforts achieved by the state, and that OVHA report to the Joint Fiscal Committee and the Health Access Oversight Committee on the status and provisions of any agreement reached.
 - (4) MCO Savings Identified. That OVHA present to the Joint Fiscal Committee a list of criteria and an updated list of MCO targeted health care investments that support the administration's recommendation that

the final value of the Demonstration Waiver program to the state is within the range of \$135 million to \$165 million.

- (5) Attorney General Review. That the Attorney General review as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration Waiver program.
- (c) That by granting contingent approval of the Demonstration Waiver program, the Joint Fiscal Committee cedes none of the authority of the General Assembly to determine policy, eligibility and benefits for the Medicaid program (including expansion programs), through legislative enactments, administrative rules review, the state budget and appropriations process, or any other means of legislative oversight. Further, the Joint Fiscal Committee affirm the legislature's commitment to providing health care benefits to low-income Vermonters through the Medicaid program.
- (d) That pursuant to #40 of the Special Terms and Conditions, revenue from capitation payments will be used to reduce the rates of uninsured or underinsured and improve the access and quality of services to that group; that the approval letter from the Department of Health and Human Services also indicate the Department's understanding that "Vermont will demonstrate its ability to promote universal access to health care;" and therefore, to the extent that there is unused spending capacity as measured by the difference between the amount necessary to maintain the current Medicaid program and the Demonstration Waiver program's maximum certified premium, that unused spending capacity shall be used to fund health care initiatives authorized by the legislature to improve the access to and quality of health care services received by the uninsured and underinsured.

The motion was adopted by unanimous voice vote.

Prior to the vote, Senator Welch reiterated his concerns and reservations about Global Commitment. In his opinion, it represents a direction away from federal funding on an entitlement basis and reflects what he regarded as the current federal administration's negative attitude toward Medicaid. What is needed instead of global commitment, he believed, is a global budget and comprehensive health care reform. He thought it will provide some short-term relief rather than solve the Medicaid funding problem. He continued on to say that Vermont's obligation is to safeguard benefits for its citizens who depend on Medicaid, and that the Legislature has a long-standing bipartisan commitment to health care. Nevertheless, he viewed the waiver proposal as an opportunity to institute some reforms and he said he would vote to approve it.

COMPLETE CONTROL

After the Committee's vote, Senator Snelling said she considers it important to make clear that the agreement with CMS requires the State to continue to offer services to all who are eligible. She observed that there have been written reports to the contrary.

The meeting was adjourned at 4:20 p.m.

Respectfully submitted:

Virginia F. Catone Joint Fiscal Office

TEL.: (802) 828-2376 FAX: (802) 828-2428



FINANCIAL OPERATIONS TEL.: (802) 828-2311 FAX: (802) 828-2147

STATE OF VERMONT DEPARTMENT OF FINANCE AND MANAGEMENT MONTPELIER, VERMONT 05609-0401

To:

Joint Fiscal Committee

From:

James Reardon Commissioner of Finance & Management

Date:

November 4, 2005

Subject:

Report on allocation of "pay act" - 2005 Act 66 Sec 12, adding 3 VSA Sec

2281(4).

2005 Act 66 Sec 12, adding 3 VSA Sec 2281(4), requires the Department of Finance and Management to submit to the November Joint Fiscal Committee meeting an annual report on the allocation of pay act funding. The report is also to be submitted to the House and Senate Appropriations, and Government Operations Committees.

The formula for computing these funds, and the basis for the formula, are as follows: Department pay act salary requirements (that is, the value of the FY 2006 salary increases, both COLA and steps) are projected position-by-position for all employees on payroll at the start of FY 2006. The pay act associated with budgeted overtime and temporary employees is also included, as is the value of the state share of benefits that attach to salary (FICA, Retirement, Life insurance, and LTD). The General and Transportation Fund shares of the required pay act are derived from the FY 2006 budget submissions, adjusted for legislative actions and the availability of other pay act funding sources. The costs of various non-salary contract items are stipulated in certain articles of the State-VSEA Bargaining Agreement.

Please note that the General and Transportation Fund shares are only a portion of the overall (all funds) cost of the pay act. The overall cost of the FY 2006 raises is \$14.7 million (on a salary base of \$471.5 million). General and Transportation Funds comprise \$9.6 million of the overall pay act; the remainder is made up of Special, Federal, Enterprise, and Internal Service Funds, which are not centrally distributed, and must be generated by the Departments themselves.

The attached spreadsheet shows the pay act allocation. The result is that Departments are fully funded for the General and Transportation Fund portions of the projected costs of FY 2006 salary increases.

We would be pleased to respond to any questions.

Attachment

cc: House and Senate Appropriations, and Government Operations Committees

11/4/05 5:	07 PM				
		General Fund		Transportation Fund	
	% GF	by Dept/Agency	% TF	by Dept/Agency	Total GF/TF
Secretary's Office	62.3%	70,565	0.0%	0	70,56
DVHA	0.0%	0	0.0%	0	10,00
Health Dept	43.8%	488,666	0.0%	0	488,66
Dept for Children & Families	47.0%	708,319	0.0%	0	708,31
Aging & Independent Living	26.8%	119,801	0.0%	o	119,80
Corrections	94.0%	1,500,356	0.9%	14,214	1,514,57
AHS		2,887,707		14,214	2,901,92
ANR - Secretary's Office	100.0%	109,565	0.0%	۰0	109.56
Fish & Wildlife	100.0%	171,120	0.0%	0	171,12
Forests, Parks and Recreation	100.0%	181,828	0.0%	0	181,82
Environmental Conservation	43.2%	209,744	0.8%	3,673	213,41
ANR		672,257		3,673	675.93
Agency of Admin Secretary's Office	90.4%	11,964	9.6%	1,271	13,23
Dept Information & Innovation	0.0%	0	0.0%	0	· · · · · · · · · · · · · · · · · · ·
inance & Management	92.3%	61,199	3.3%	2,201	63,40
luman Resources	71.3%	107,650	10.8%	16,260	123,91
.ibraries	72.6%	32,021	0.0%	0	32,02
ax Dept	100.0%	266,461	0.0%	0	266,46
Buildings & Gen Services	58.7%	289,886	16.8%	83,011	372,89
gency Admin		769,181		102,743	871,92
OT	0.0%	0	76.3%	1,353,861	1,353,86
xecutive Office	86.4%	38,110	7.1%	3,115	41,22
egislative Council	84.1%	47,170	15.9%	8,919	56,08
egislative Information Technology	100.0%	7,036	0.0%	0	7,03
egislature	80.0%	30,214	20.0%	7,553	37,76
oint Fiscal Committee	86.0%	24,107	14.0%	3,924	28,03
ergeant at Arms	90.0%	10,609	10.0%	1,179	11,78
ieutenant Governor	85.6%	3,670	14.4%	617	4,28
auditor of Accounts	38.3%	10,879	0.0%	0	10,87
Office of the Treasurer	27.3%	15,673	5.0%	2,869	18,54
State Labor Relations Board	100.0%	4,186	0.0%	0	4,18
OSHA Review Board	50.0%	182	0.0%	0	18:
attorney General	40.8%	62,994	0.0%	0	62,994
Defender General	83.8%	104,908	8.1%	10,157	115,06
udiciary	78.7%	497,724	12.8%	80,906	578,63
tate's Attorneys	87.4%	193,015	3.0%	6,626	199,64
heriffs	84.6%	61,587	15.4%	11,206	72,793
ublic Safety	75.1%	833,705	1.3%	14,901	848,600
Silitary	25.4%	34,480	0.0%	0	34,480
riminal Justice Training Council	55.2%	12,315	12.3%	2,744	15,05
griculture	49.7%	64,921	0.5%	712	65,633
ISHCA	3.6%	7,790	0.0%	0	7,790
abor and Industry	18.9%	9,397	0.0%	0	9,397
ecretary of State	11.7%	8,888	0.0%	0	8,888
ublic Service Dept	0.0%	0	0.0%	0	
ublic Service Board	0.0%	0.	0.0%	0	(
nhanced 9-1-1 Board	0.0%	0	0.0%	0	(
uman Rights Commission	75.0%	5,160	0.0%	0	5,160
quor Control	0.0%	0	0.0%	0	
ottery Commission	0.0%	. 0	0.0%	0	(
ets Home	0.0%	0	0.0%	0	C
ermont Commission on Women	100.0%	6,012	0.0%	0	6,012
mployment and Training	100.0%	369,377	0.0%	0	369,377
ept Education	43.2%	128,992	1.0%	2,852	131,844
atural Resources Board	38.6%	19,095	0.0%	0	19,095
ransportation Board	0.0%	0	100.0%	5,525	5,525
CCD Admin	100.0%	35,914	0.0%	0	35,914
ousing & Comm Affairs	59.8%	47,194	0.0%	0	47,194
conomic Development	87.6%	26,826	0.0%	0	26,826
ourism & Marketing	66.9%	27,335	0.0%	0	27,335
CCD		137,269	 -	0	137,269
OTAL DEPARTMENTS/AGENCIES SALARY ITEMS		7,078,610	·	1,638,296	8,716,906
				284,435	8,716,906
					51. 10,000
on-salary contract items (per VSEA Contract):	1				
Salary Salaras House the 1921 (Salaras).					
Dependent care (Non-Mgmnt Art 8(4))	76.0%	87,400	24.0%	27,600	115,000
Fultion reimbursement:		,1			. 10,000
Non-mgmnt (Non-Mgmnt Art 37(5) & (11)) (incl 15% admin)	76.0%	139,840	24.0%	44,160	184,000

keep:Pay Act distribution - FY 2006 - for JFC report	1				
11/4/05 5:07 PM					
		General Fund		Transportation Fund	· · · · · · · · · · · · · · · · · · ·
	% GF	by Dept/Agency	% TF	by Dept/Agency	Total GF/TF
Supervisory (Sup Art 41(5) & (11)) (incl 15% admin)	76.0%	26,220	24.0%	8,280	34,50
Managers	76.0%	26,220	24.0%	8,280	34,50
Contract implementation	76.0%	95,000	24.0%	30,000	125,00
Contract printing	76.0%	6,840	24.0%	2,160	9.00
Contract negotiator	76.0%	57,000	24.0%	18,000	75,00
Total Human Resources		438,520		138,480	577,000
Expense reimbursement - incr meal allowance (Non-Mgmnt Art				· ·	
53(2) - incl Managers & Exempts)	49.8%	2,739	15.8%	869	3,608
Non-management unit					
Firefighter meals - Appendix F(13) - 100% Federal funds	0.0%	0	0.0%	0	
Stand-by pay cap - E911 Bd (Art 27(4)(c))	0.0%	0	0.0%	0	c
Supervisory Unit					
State Police					
Lieutenant expand special team allowance (Art 22(14))	36.6%	864	53.4%	1,260	2,124
Lieutenant Spring fitness bonus increase (Art 23(7))	36.6%	1,166	53.4%	1,701	2,867
Corrections unit			1.		-
Employee Assistance study grant (Art 9) - approval by Sec Admin					
required	98.1%	9,810	1.3%	130	9,940
State Police Unit					
Fitness benefit (Art 51(7))	36.6%	11,309	53,4%	16,501	
Special Teams allowance (Art 55(1))	36.6%	8,638	53.4%	12,602	27,810
Lump sum benefit (Art 21(4)(f))	36.6%	84,180	53.4%	122.820	21,240
Lump sum benefit (Art 21(4)(1))	30,076	04,100	55.4%	122,820	207,000
Assistant Judges per diem (2005 Act 66 Sec 3)	100.0%	17,000		0	17,000
Historical Society (22 VSA Sec 285)	100.0%	8,294		0	8,294
TOTAL NON-SALARY ITEMS		582,520		294,364	876,883
FY 2006 pay act available			-		
Appropriated in 2005 Act 66 Sec 10(a)(2)		4,019,782		1,248,449	5,268,231
Appropriated in 2005 Act 71 Sec 264(a)(2)		3,415,000		0	3,415,000
Carryforward from FY 2005		226,351		684,211	910,562
Total pay act available		7,661,133		1,932,660	9,593,793
Needed for non-sal contract items		(582,520)		(294,364)	(876,883)
Total pay act remaining for Depts		7,078,613		1,638,296	8,716,910
Allocated/transferred to Donto		(7.070.046)		,	
Allocated/transferred to Depts Running balance (\$3 balance appears due to rounding)		(7,078,610)		(1,638,296)	(8,716,906)
Turning balance (45 balance appears due to rounding)		3		. 0	4
NOTES:					
 %GF/TF: derived from FY 2006 budget submissions, adjusted for le 	egislative actio	ins and availability of other	er pay act fundi	na sources.	

derived from FY 2006 budget submissions, adjusted for legislative actions and availability of other pay act funding sources.

2. Department pay act salary requirements (COLA + steps) projected position-by-position for all employees on payroll at the start of FY 2006. The pay act associated with budgeted overtime and temporary employees was also included, as was the value of the state share of benefits that attach to salary (FICA, Retirement, Life insurance, and LTD).

3. All Departments are fully funded for GF/TF portions of FY 2006 projected salary increases.

4. Last April, we projected a shortfall in Transportation Fund available to pay for FY 2006 AOT salary increases. The proposed solution included a 94% pro-rating for GF and TF pay act distribution, to make enough pay act funding available to cover AOT salary increase needs.

Using current salary projections, excess GF pay act, and an increase in the FY 2005 AOT pay act carryforward, no pro-rating is needed.

Management of Transportation Fund Pay Act shortfall in FY 2006			
ALL TF			
FY 2006 Pay Act appropriated (2005 Act 66 Sec 10(a)(2)(B))	1,248,449		
Carry-forward from FY 2005 pay act (unused)	684,211	[\$680,437 due to AOT]	
Needed for non-salary items, per VSEA contract	(294,364)		
Available for salary increases	1,638,296		
Salary increases for non-AOT Depts	(766,892)		
Available for AOT	871,404		
Needed by AOT	(1,353,861)		
AOT shortfall	(482,457)		
Shift of GF pay act surplus to replace TF in Dept Public Safety			
(makes TF available for AOT)	482,457		
Net AOT shortfall	0		



PHONE: (802) 828-2295 FAX: (802) 828-2483

Joint Fiscal Committee Nov. 17th Meeting

Global Commitment Attachments

- Memo from administration re: Delay of actuary certified premium information
 Cover memo from Susan Besio
- 3 Draft of the acceptance letter from AHS to CMS
- 4 CMS Structure and Operations Standards
- 5 Targeted MCO Investments
- 6 Memo From Susan Harritt Attorney Review of Waiver Documents
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MEMORANDUM

TO:

Representative Martha Heath, Chair, Joint Fiscal Committee

Senator Susan Bartlett, Vice-Chair, Joint Fiscal Committee

FROM:

Joshua Slen, Director, Office of Vermont Health Access

Susan Besio, Director of Planning, AHS

DATE:

November 8, 2005

SUBJECT:

Status of Actuarial Certification process for Global Commitment to

Health Waiver

As noted in our October 26, 2005 memo, we originally expected that the actuarial certification process for the premium range amounts would be completed by November 15. However, since that time, we have been notified by the actuarial firm that they need a few more days to complete their analyses. We now have confirmation from the actuarial firm that we will have a completed report ready to distribute to you no later than close of business on Tuesday, November 22.

As such, we would like to request that the Joint Fiscal Committee schedule a meeting the week of November 28 to review the premium information. We are prepared to discuss all other aspects related to the approval contingencies at your November 17 meeting, if that is desirable.

Thank you for your consideration.

cc:

Senator Jeanette White, Chair, Health Access Oversight Committee Representative Ann Pugh, Vice-Chair, Health Access Oversight Committee Michael K. Smith, AHS Secretary



OFFICE OF THE SECRETARY TEL: (802) 241-2220 FAX: (802) 241-2979

MICHAEL K. SMITH, SECRETARY

STATE OF VERMONT AGENCY OF HUMAN SERVICES

MEMORANDUM

TO:

Representative Martha Heath, Chair, Joint Fiscal Committee

Senator Susan Bartlett, Vice-Chair, Joint Fiscal Committee

FROM:

Susan Besio, Director of Planning, AHS

Joshua Slen, Director, Office of Vermont Health Access

DATE:

November 9, 2005

SUBJECT:

Materials Related to the Contingencies for Final Approval of

the Global Commitment to Health 1115a Medicaid Waiver

Enclosed please find the following documents related to Contingencies 1, 3, 4 and 5 of the September 30, 2005 Joint Fiscal Committee:

(1) Complete demonstration provisions furnished. That a complete and comprehensive listing and description of all the provisions of the Demonstration Waiver agreement be prepared and included in the letter of acceptance to CMS by the Office of Vermont Health Access (OVHA) and provided to the Joint Fiscal Committee, comparing the original proposal for the Demonstration Waiver Program with the outcome of the negotiations with CMS; and that the Joint Fiscal Committee finds that these final provisions are in accord with the terms and conditions presented to the Joint Fiscal Committee as the basis for its contingent approval.

Enclosures: Enclosed is a draft acceptance letter which contains the required clarifications. It is our understanding that the intent was not to provide a word for word comparison with the original proposal, but rather to ensure that major concepts, operating principles and parameters associated with the approved Waiver were clearly articulated in writing to CMS. The Joint Fiscal Office has worked collaboratively with us on the draft letter. The draft also has been reviewed by Health Management Associates, and they have indicated that it addresses the documentation concerns they raised in their review of the Waiver. We also are sending the draft today to the Medicaid Advisory Board to solicit feedback. At the November 17 Joint Fiscal Committee meeting, we will summarize the feedback we receive and provide a final draft, if necessary. Also, because the letter references federal regulation 42 CFR 438.214, we have enclosed this citation.

(2) Final premium amounts determined to be sufficient. That OVHA present to the Joint Fiscal Committee the final premium amounts adopted by the Agency of Human Services (AHS) upon actuarial certification, and that the Joint Fiscal Committee finds that such amounts are sufficient to support the Demonstration Waiver Program, including the state's current Medicaid and expansion programs.

<u>Status</u>: As noted in our November 8 memo to you, we will have the actuarial analyses to you no later than the close of business on Tuesday, November 22.

(3) Agreement regarding future years' premiums. That AHS work with CMS regarding the criteria utilized in future waiver years in order to ensure that future premiums will not be negatively affected by successful cost savings efforts achieved by the state, and that OVHA report to the Joint Fiscal Committee and the Health Access Oversight Committee on the status and provisions of any agreement reached.

Enclosure: The enclosed draft Acceptance Letter includes language that confirms that MCO investments may be included in the actuarial certification process in future years.

(4) MCO Savings Identified. That OVHA present to the Joint Fiscal Committee a list of criteria and an updated list of MCO targeted health care investments which support the administration's recommendation that the financial value of the Demonstration Waiver program to the state is within the range of \$135 million to \$165 million.

Enclosures: Enclosed is a legal-sized document that provides the current list of the targeted programs for MCO investments, the GF dollar amounts associated with each program, the Waiver parameter under which it is eligible for MCO investment, and a description of how the GF amount was derived. Also enclosed is a second document that provides a description of each program on the list. As you can see, the total GF associated with these programs is \$48,747,311. Below is a table which indicates the projected financial value of these programs. As you can see, the projected five-year value is \$158,264,275. Please note that the amounts on this list will change as the FY'06 Budget Adjustment and FY'07 Budget Appropriation processes unfold.

Projected MCO Investments: First Full Year \$ 48,747,311

	SFY06 (Q2-Q4)	SFY07	SFY08	SFY09	SFY10	SFY11 (Q1)
Projected MCO Investments	\$36,560,483	\$51,184,677	\$53,743,910	\$56,431,106	\$59,252,661	\$15,553,824
Annual Growth Rate		5.0%	5.0%	5.0%	5.0%	5.0%
Federal Match Rate	58.49%	58.82%	58.32%	57.82%	57.32%	56.82%
Federal Share (State Savings)	\$21,384,227	\$30,106,827	\$31,343,449	\$32,628,465	\$33,963,625	\$8,837,683

Five-Year Total

\$158,264,275

(5) Attorney General Review. That the Attorney General review as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration waiver program.

<u>Status:</u> Susan Harritt, the Chief AAG for AHS, and Michael McShane of the Attorney General's Office, have reviewed the following documents as to form:

- the Special Terms and Conditions (STC)
- the Intergovernmental Agreement (IGA) between AHS and OVHA
- a letter from Mark McClellan, M.D., Centers for Medicare and Medicaid Services (CMS) to AHS Secretary Michael Smith, date stamped September 27, 2005;
- a letter from Richard R. McGreal, Acting Associate Regional Administrator, CMS, to AHS Secretary Michael Smith, dated September 29, 2005; and
- the Waiver and Expenditure Authorities, including the STC, for Vermont's Global Commitment to Health, Section 1115 Demonstration.

There are no other legal documents regarding the demonstration waiver program at this time. Enclosed is a memo from Ms. Harritt and Mr. McShane regarding their review.

cc: Senator Jeanette White, Chair, Health Access Oversight Committee Representative Ann Pugh, Vice-Chair, Health Access Oversight Committee Secretary Michael K. Smith, Agency of Human Services

DRAFT

Date

Dr. Mark B. McClellan, M.D., Ph.D Administrator Centers for Medicare and Medicaid Services Mail Stop C5-11-24 – Central Building – Room C5-25-25 7500 Security Boulevard Baltimore, MD 21244-1850

Dear Dr. McClellan:

I am writing to formally accept the Special Terms and Conditions of the recently approved Global Commitment Section 1115 Demonstration Waiver, with an effective start date of October 1, 2005. We sincerely appreciate the time and dedication of CMS staff in the development of this innovative program. We believe that the Demonstration will enable us to better serve Vermonters through more effective use of state and federal resources.

Under the Global Commitment to Health Waiver, Vermont will demonstrate its ability to promote universal access to health care. Subject to the availability of state funds, authorization of the Vermont legislature and compliance with the Demonstration's Special Terms and Conditions, the Demonstration will enable the State to develop health care initiatives to improve the access to and quality of health care services received by the uninsured and underinsured Vermonters.

Vermont's Waiver Proposal, submitted April 15, 2005, identified the State's goals and objectives; described examples of innovative programs that might be implemented in order to more effectively and efficiently meet Vermonters' health needs; and provided assumptions regarding program design.

During the course of extensive collaboration and negotiation with CMS, Vermont's goals and objectives for the Demonstration continued without change. Through collaboration with CMS, we refined the program design and operational parameters to better meet both state and federal policy and fiscal objectives. Therefore, the final parameters under which the State will operate are defined by are Special Terms and Conditions. These include the following:

- Per the Special Terms and Conditions, should the state of Vermont elect to implement any of
 the innovative features outlined in its waiver proposal in accordance with any directive of the
 state legislature, the state will seek approval from the Centers for Medicare and Medicaid
 Services (CMS) to do so. Examples of innovative features that require further development,
 authorization by the Vermont Legislature and CMS approval include the following:
 - Premium subsidies for Employer-Sponsored Insurance or other forms of "wrap-around" for available employer insurance
 - Health Savings Accounts

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- The Office of Vermont Health Access (through the Agency of Human Services) will be serving as the public MCO for the demonstration program. OVHA will provide services in accordance with the managed care provisions of the Balanced Budget Act of 1997. The MCO premium rate will be based on covered benefits and eligibility, will be actuarially certified and approved by CMS. The MCO will have broad expenditure authority, subject only to the limitations specified in section 40 of the Special Terms and Conditions and MCO payment restrictions identified in 42 CFR 438.214.
- Changes in eligibility criteria and the scope of benefits provided under the Vermont Medicaid program, including this demonstration waiver, will be determined by the Vermont Legislature. Changes also must be approved by CMS if required by the Special Terms and Conditions. However, eligibility expansions may be implemented under section 40 of the Special Terms and Conditions without CMS approval.
- The payment rate in the IGA between the AHS and MCO can be altered during the agreement year, as long as the revised rate is within the actuarially certified rate range.
- As is permitted by the CMS capitation checklist and the actuary practice guidelines for Medicaid rate-setting, MCO investments may be included in the subsequent years' actuarial certification process to set the range of rates for AHS payment to the MCO, to the extent that such investments demonstrate cost savings for Medicaid-eligible service categories.
- The budget neutrality terms rely on historical expenditures and current federal projections of program growth. The State may be required to seek re-negotiation of the budget neutrality terms if an unforeseen event occurs during the course of the Waiver term, such as a major economic downturn or catastrophic event (e.g., epidemic, natural disaster or terrorist action).
- Consistent with the Global Commitment Special Terms and Conditions, Vermont intends to continue to operate the Vermont Health Access Program (VHAP) through the MCO, including VHAP- Uninsured, VHAP Pharmacy, VScript and PCPlus Programs. However, such services will be provided under the authority of the Section 1115a Global Commitment waiver rather than the authority of the former Section 1115a VHAP waiver. Program eligibility criteria and benefits will remain unchanged unless directed by the Vermont Legislature and by CMS, as required by the Special Terms and Conditions. Existing federal authority and state administrative rules associated with the former VHAP waiver that are not included in, and do not conflict with, the section 1115a Global Commitment waiver will remain in effect.
- Vermont intends to continue to offer the following home and community based (HCBS) services under the Global Commitment Waiver: developmental services, severe emotional disturbance and traumatic brain injury waivers. However, such services will be provided under the authority of the 1115a Global Commitment waiver rather than the authority of Section 1915c waivers. HCBS program eligibility criteria for people eligible under the

Draft Global Commitment Acceptance Letter November 9, 2005 Page 3 of 3

former developmental services, severe emotional disturbance and traumatic brain injury waivers will remain unchanged unless modified through a formal process with stakeholders. The eligibility criteria for these 1915c waiver programs will be defined in the Intergovernmental Agreements between the MCO and the departments that administer these programs. The State does not need to submit any additional reports to CMS for these 1915c waivers for services paid after September 30, 2005.

Legislative approval of the final waiver program is contingent upon a determination by the legislature that the final premium amounts are sufficient to support the program. Such sufficiency shall be based on the actuarial certification of the rates to be paid to OVHA by an independent actuary coupled with acceptance by the Joint Fiscal Committee that such amounts are sufficient to support the Demonstration program, including the state's current Medicaid and expansion programs.

Sincerely,

Michael K. Smith, Secretary State of Vermont Agency of Human Services

Centers for Medicare & Medicaid Services, HHS § 438.214

STRUCTURE AND OPERATION STANDARDS

§ 438.214 Provider selection.

- (a) General rules. The State must ensure, through its contracts, that each MCO, PIHP, or PAHP implements written policies and procedures for selection and retention of providers and that those policies and procedures include, at a minimum, the requirements of this section.
- (b) Credentialing and recredentialing requirements.
 - (1) Each State must establish a uniform credentialing and recredentialing policy that each MCO, PIHP, and PAHP must follow.
 - (2) Each MCO, PIHP, and PAHP must follow a documented process for credentialing and recredentialing of providers who have signed contracts or participation agreements with the MCO, PIHP, or PAHP.
- (c) Nondiscrimination. MCO, PIHP, and PAHP provider selection policies and procedures, consistent with § 438.12, must not discriminate against particular providers that serve high-risk populations or specialize in conditions that require costly treatment.
- (d) Excluded providers. MCOs, PIHPs, and PAHPs may not employ or contract with providers excluded from participation in Federal health care programs under either section 1128 or section 1128A of the Act.
- (e) State requirements. Each MCO, PIHP, and PAHP must comply with any additional requirements established by the State.

[67 FR 41095, June 14, 2002; 67 FR 54532, Aug. 22, 2002]

	GLOBAL COMMITMENT - TARGETED PROGRAMS FOR MCO INVESTMENTS, FY06						
Dept	Service	FY06	Waiver Parameter	Description on how the FY'06 number was developed			
DAIL	Mobility Training and other services for elderly visually impaired	250,000	QHC for Un, Und, M	State funds to Older Blind Grant less 10% required match			
DAIL	Developmental Services Respite funds	447,605	QHC for Un, Und, M	FY'05 Actuals			
DAIL	DS Special Payments for medical services not covered by XIX	20,000	QHC for Un, Und, M	FY'05 Actuals			
DCF	Residential Care for Youth	2,130,450	QHC for Un, Und, M	FY'05 Actuals			
DCF	GA Medical expenses	750,000	QHC for Un, Und, M	FY'05 Actuals			
DCF	Aid To The Aged Blind and Disabled	3,546,292	QHC for Un, Und, M	FY'05 Actuals			
DCF	Aid To The Aged Blind and Disabled ACCS	145,000		FY'05 Actuals			
DCF	Aid To The Aged Blind and Disabled Residential Care Level III	445,000	QHC for Un, Und, M	FY'05 Actuals			
DCF	Aid To The Aged Blind and Disabled Residential Care Level IV	950,000	QHC for Un, Und, M	FY'05 Actuals			
DCF	Essential Person Program	1,414,618	QHC for Un, Und, M	FY'06 GF appropriation			
DCF	CUPS	612,000	QHC for Un, Und, M	FY'05 Actuals			
DOC	Intensive Substance Abuse Program (ISAP)	200,000	QHC for Un, Und, M	FY'05 Actuals			
DOC	Intensive Sexual Abuse Program	190,000	QHC for Un, Und, M	FY'05 Actuals			
DOC	Intensive Domestic Violence Program	80,000	QHC for Un, Und, M	FY'05 Actuals			
DOC	Women's Health Program (Tapestry)	487,344	QHC for Un, Und, M	FY'05 Actuals			
DOC	Community Habilitative Care	1,837,500	QHC for Un, Und, M	Average of actual expenditure history			
DOE	Act 504 - Health Services	2,298,292	QHC for Un, Und, M	Estimated amount of health care services provided in FY05			
DOE	School Nurses	7,205,255	QHC for Un, Und, M	Estimated amount of unmatched health care services provided in FY05			
DOH	AIDS Services	250,000	QHC for Un, Und, M	FY'06 GF appropriation			
DOH	TB Medical Services	35,780	QHC for Un, Und, M	FY'05 Actuals			
				Tobacco Settlement funds appropriated for tobacco control less amount used for			
DOH	Tobacco Cessation	1,027,987	PH for M	match x 56.3% (estimated number of the general population at/below 300% of FPL).			
DOH	Family Planning	300,872	QHC for Un, Und, M	FY'06 GF appropriation			
DOH	Physician/Dentist loan repayment/forgiveness	620,000	QHC for Un, Und, M	FY'06 GF appropriation			
DOH	Substance Abuse Treatment	1,797,336	QHC for Un, Und, M	FY'06 GF portion of services under SAPT Block Grant			
DOH	Recovery Centers	345,000	QHC for Un, Und, M	FY'06 GF appropriation			
				Estimated total FY'06 payments less amounts claimed against Medicaid, other federal			
DOH	Emergency Mental Health for Children and Adults	1,949,199		grants.			
DOH	Respite Services for Youth with SED and their Families	424,581	QHC for Un, Und, M	FY'06 GF appropriation			
DOH	MH Special Pymts for med. services not covered by XIX	91,199	QHC for Un, Und, M	FY'06 GF appropriation			
DOH	Mental Health Outpatient Services for Adults	1,136,741	QHC for Un, Und, M	Estimated total FY'06 payments less amounts claimed against Medicaid.			
DOH	Mental Health Elder Care	57,262	QHC for Un, Und, M	Estimated total FY'06 paymentsless amounts claimed against Medicaid.			
DOH	Mental Health Consumer Support Programs	557,744					
DOH	Mental Health CRT Community Services	1,233,148	QHC for Un, Und, M	FY'06 GF appropriation			

	GLOBAL COMMITMENT - TARGETED PROGRAMS FOR MCO INVESTMENTS, FY06						
Dept	Service	FY06	Waiver Parameter	Description on how the FY'06 number was developed			
рон	Mental Health Children's Community Services	774,774	QHC for Un, Und, M	Estimated total FY'06 payments less amounts claimed against Medicaid, other federal grants.			
	Emergency Medical Services	50,000	QHC for Un, Und, M	Estimated total FY'06 payments less amounts claimed against Medicaid, SCHIP, other federal grants.			
DOH	Chronic Disease Epidemiology	4,765	PH for M	Estimate of FY'06 costs, less federal PHHS Block receipts			
рон	Health Research and Statistics	156,272	PH for M	FY05 actual costs x 56.3% (estimated number of the general population at/below 300% of FPL).			
	Health Laboratory	1,391,318	PH for M	FY05 actual costs x 56.3% (estimated number of the general population at/below 300% of FPL).			
DOH	Renal Disease	26,642	QHC for Un, Und, M	FY'05 Actuals			
DOH	Newborn Screening	443,167	QHC for Un, Und, M	FY'05 actual costs coded to non-federal lab program codes			
HCA	Health System Management	3,967,271	QHC for Un, Und, M	FY06 amount budgeted			
OVHA	VSCRIPT Expanded	8,103,370	QHC for Un, Und, M	FY'05 Actuals			
VSC	Allied Health Education (dental hygienist, LPN)	993,527	QHC for Un, Und, M	FY06 amount budgeted			
	Total	48,747,311					

Key for Parameters

Un, Und = Reduce rate of Uninsured, Underinsured

QHC for Un, Und, M = Increase access to Quality Health Care for Uninsured, Underinsured, & Medicaid Beneficiaries

PH for M = Public Health Approaches to Improve Health Outcomes for Medicaid eligibles

PP Partners = Formation and maintenance of public-private partnerships

GLOBAL COMMITMENT Description of Programs for MCO Investment, FY06

Department of Aging and Independent Living

Mobility Training and other services for elderly visually impaired

Provides specialized Independent Living services to people over the age of 55. Medically related services include: low vision evaluations; low vision devices; rehabilitation services; orientation and mobility, and Braille instruction.

Developmental Services Respite funds

Comparable to respite/goods under the existing Vermont Medicaid MR/DD Waiver respite

DS Special Payments for medical services not covered by XIX

Pays for dental services, adaptive equipment and other ancillary services not covered by Medicaid

Department For Children and Families

Residential Care for Youth

Residential care for youth in need of intensive behavioral health services.

GA Medical expenses

The GA medical expenditures include items, services and prescription drugs that are necessary to meet emergency medical needs and specified services and items related to vision and dental needs. An emergency medical need is a need attributable to a medical condition characterized by acute symptoms of sufficient severity that one could reasonably expect the absence of medical attention to result in serious jeopardy to the health of the individual, serious impairment to bodily functions, or serious dysfunction of the bodily organ or part. An emergency medical need for vision is a service or item that aids convalescence from eye surgery, prevents blindness or further deterioration of eyesight, averts risk of physical injury, or allows an individual to continue education or employment. Emergency medical needs for dental services are those necessary to relieve pain, bleeding, or infection. Prescribed drugs are those drugs that are not on the departments list of non-emergency drugs and fulfill the requirements of the pharmacy best practices and cost control program.

Aid To The Aged Blind and Disabled

State law specifies that eligible recipients must receive a subsistence amount compatible with decency and "health." 33 VSA §1301; receipt of state supplement yields categorical eligibility for Medicaid; the majority of recipients are disabled and have significantly greater health risks than other impoverished groups served by public assistance; the AABD benefit provides an additional resource individuals may use to meet health care needs that are not covered by Medicaid. Amount does not inloude the amount paid to beneficiaries that is required for States to maintain their eligibility for Medicaid federal matching funds (MOE).

Aid To The Aged Blind and Disabled Assisted Community Care Services

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including nursing overview and medication management. (33 VSA §7101(A))

Aid To The Aged Blind and Disabled Residential Care Level III

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including nursing overview and medication management. (33 VSA §7101(A))

Aid To The Aged Blind and Disabled Residential Care Level IV

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including medication management. (33 VSA §7101(B))

Essential Person Program

Costs associated with providing assistance to a spouse to support the independent living of his or her partner. Individuals must be providing at least one medically necessary service to be eligible for this subpart of the AABD program.

CUPS

Direct services for parents with children ages 0 to 6 with behavioral ehalth needs not covered by traditional Medicaid, and consultation services to child care providers to address the needs of children with behavioral health issues.

Department of Corrections

Intensive Substance Abuse Program (ISAP)

A community-based treatment program intended for offenders whose crimes are non-violent and related to their substance abuse. All programs are approved by, and meet the standards of, the Alcohol & Drug Abuse Programs Division of the VT Health Department (ADAP). This includes use of the DSM-IV Substance Use Criteria, the American Society of Addiction Medicine's Patient Placement Criterion and approved clinical assessment instruments. Treatment includes an intensive phase (minimum six month, 3 session's week) and an aftercare phase (3 months 1 session/week). The sessions are led by fully licensed or certified Substance Abuse Counselors and are often cofacilitated by trained DOC staff members who are often credentialed themselves.

Intensive Sexual Abuse Program

This is a community based treatment program using cognitive-behavioral interventions in a group therapy format to eliminate sexual offending behavior. The program is delivered by mental health professionals under contract to the Department of Corrections. Supervision by DOC staff is closely coordinated with treatment that is provided.

Intensive Domestic Violence Program

This community-based program is for men convicted of acts of domestic violence. The program focuses on the elimination of violence and controlling behavior; increasing offender responsibility and empathy using insight based, anger management and cognitive behavioral interventions, and a variety of skill building strategies in order to gain an understanding of their abusive behavior, its impact and self change plans.

Women's Health Program (Tapestry)

This program is a 6-12month residential treatment program that assesses and addresses each woman's overall behavioral, medical and psychiatric needs. Tapestry has a program RN and psychiatric services on site, the Program Director is a LICSW, LADC. 98% of all women admitted to Tapestry have significant medical and/or mental health problems needing ongoing treatment and monitoring by professional staff.

Community Habilitative Care

Counseling, co-facilation of treatment programs and case management for offenders in the community who have mental health and or substance abuse disorders.

Department of Education

Act 504 - Health Servcies

School-based assistance to meet the needs of students who have a physical or mental impairment that substantially limits one or more major life activities, but whom do not meet the eligibility criteria for, or choose not to access, the Individualized Education Program (IEP).

School Nurses

Proportion of health care services provided by school nurses not currently reimbursed by EPSDT.

Department of Health

AIDS Services

HIV Case Management-- These funds provide the infrastructure, specifically AIDS service organization personnel costs, to link persons living with HIV/AIDS to primary care and other related services (e.g., dental care, substance abuse and mental health counseling services).

TB Medical Services

Pursuant to Vermont Statutes found in Title 18, Chapter 21, the TB program provides for the treatment and care of all persons afflicted with TB. As outlined in the statutes, care may include examination of all individuals suspected of TB or individuals in contact with a diagnosed case of active TB, hospitalization of persons diagnosed with active TB disease, and re-evaluation and re-examination of both individuals diagnosed with active TB disease and latent TB infection. Treatment and care are funded with state dollars.

Tobacco Cessation

Tobacco is the leading cause of preventable death in Vermont, causing about 800 deaths each year. Treating smoking-related illness in Vermont costs \$182 million each year, \$56 million of which are Medicaid expenditures. The Health Department's multi-faceted program to reduce the use of tobacco among Vermonters, with special emphasis on discouraging young people from starting to smoke, includes: community-based programs; media and public education programs; surveillance and evaluation activities; and tobacco cessation programs. The latter includes the Vermont QuitLine (1-877-YES-QUIT), a 24-hour toll-free hotline that provides counseling and referrals to those who want to quit; regular community quit smoking classes and individual counseling held throughout the state in each of Vermont's 14 hospitals; the QuitBucks program providing free or discounted nicotine replacement therapy to all adult smokers; education for dental health providers to improve smoking cessation education and referrals for their patients; and the American Lung Association's Not-On-Tobacco (NOT) teen cessation program in schools.

Family Planning

Family Planning services as funded by state and federal funds support the following clinical services: gender appropriate clinical exams including – medical and social history, height and weight, urinalysis, pelvic exam, breast exam, testicular exam, screening and treatment for sexually transmitted diseases, identification and treatment/referral for general health conditions, follow up for reproductive health conditions, provision/education around appropriate contraceptive methods, information and referral for fertility related problems, fertility related counseling, pregnancy testing and counseling, client support and education.

Physican/Dentist loan foregiveness

Vermont is the second most rural state in the country with a high proportion of Medicaid eligible, low provider Medicaid payments, and comparatively high provider participation and medical/dental service levels, which could quickly erode without interventions to support that participation. A key to that participation are the funds that encourage providers to come and stay in practice in Vermont. The loan repayment program is an important recruitment and retention program for medical and dental providers to continue to deliver services to low income and underserved populations in Vermont.

Substance Abuse Treatment

Substance abuse treatment includes outpatient, intensive outpatient, residential, detoxification and pharmacological treatment services. The need for these services is determined by a comprehensive clinical assessment done by a licensed substance abuse counselor. In the case of pharmacological treatment, a physician must be involved in determining recommendations for a course of treatment. Diagnosis is based on definitions found in the 4th edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV). (Definitions in this manual is also used by mental health professionals.) The clinical assessment determines the diagnosis and the treatment that is medically necessary based on guidelines from the American Society of Addiction Medicine. NOTE: This program is charged to the federal SAPT Block Grant. The Block Grant requires no match but it does mandate some level of state-funded Maintenance of Effort and permits the use of the state share of Medicaid funds as the MOE.

Recovery Centers

The Department of Health provides funds that are used to develop and operate recovery centers. However, it does not do this on a fee-for-service basis as is the case for substance abuse treatment. Although recovery services in Vermont are not seen as a medical service, drug and alcohol professionals recognize the importance of these services in supporting treatment services through ongoing social supports and relapse prevention. Research has shown that long term success of patients is related to having these services in place to support people in their community during and after their episode of treatment.

Emergency Mental Health for Children and Adults

24/7 triage, assessment, mobile outreach, short-term family stabilization, and referral and screening for hospitalization for children, youth, families and adults experiencing a mental health crisis. In most areas, these services are closely linked to local community hospital emergency departments. In a few areas, hospital diversion programs, community respite beds and crisis respite services are also available.

Respite Services for Youth with Severe Emotional Disturbances and their Families

Relief of primary caregivers, comparable to existing Vermont Medicaid Waiver respite services

Mental Health Special Payments for medical services not covered by XIX

Pays for dental services, eye glasses, adaptive equipment and other ancillary services not covered by Medicaid.

Mental Health Outpatient Services for Adults

Includes mental health assessment, individual and group counseling, case management, medication management, care coordination and outreach supports for adults who have a wide range of problems that are life-disrupting, and sometimes temporarily disabling. Typical characteristics of consumers include: poverty, unemployment, high arrest rates, substance abuse, disabling depression and/or traumatic experiences, and suicidal tendencies.

Mental Health Elder Care

This joint initiative of DDMHS and the Department of Aging and Disabilities funds mental health staff to work with local communities' elders' services network to identify, assess and treat the mental health needs of elders.

Mental Health Consumer Support Programs

Support for consumer and family organizations, which operate telephone and e-mail support service, assistance and referral, self-help, peer recovery support services, and education about mental illness.

Mental Health CRT Community Services

CRT programs offer a comprehensive range of mental-health supports and services for adults with diagnoses of major mental illnesses such as schizophrenia, bipolar disorder, major depression, and certain other serious thought or mood disorders. Approximately 3,200 adults, or 25 percent of the estimated need, are currently enrolled in CRT.

Mental Health Children's Community Services

Children's Services programs offer a wide array of community-based services and supports, often in collaboration with other state agencies, to assure timely access to effective prevention, early intervention, and behavioral health treatment and supports through a family-centered, multidisciplinary system of care. The programs are designed to serve children and adolescents from birth to eighteen years of age (and, in some cases, until a youth's twenty-second birthday), and their families.

Emergency Medical Services

Responsible for standard setting, regulation and planning for Statewide Emergency Medical Services systems, training, technical assistance, and program development for local services, and for licensing and certification of all personnel and emergency equipment.

Chronic Disease Epidemiology

Studies the prevalence and patterns related to chronic diseases not covered by specific federal grants. Develops approaches for prevention, intervention, early detection and treatment of chronic diseases; conducts epidemiologic studies including monitoring, surveillance, and control of chronic diseases and disabling conditions.

Health Research and Statistics

Collection and analysis of data to determine the health status, morbidity, and mortality of Vermont's population. Data are made available to the public and are used extensively by a variety of health and human service programs at the state and community levels.

Public Health Laboratory

The non-federal costs of running the public health laboratory, which identifies disease-causing agents in specimens from human, animal, and environmental sources. Identifies the presence of drugs and lead in clinical samples, toxins in environmental samples, and harmful contaminants in drinking water. Tests environmental samples for the presence of radiation including radon. Analyzes breath and blood samples for alcohol content and provides technical support to the infrared breath testing programs used by law enforcement officers and courts in the prosecution of drivers accused of being legally intoxicated.

Renal Disease

Support for patients undergoing renal dialysis.

Newborn Screening

Lab tests on the blood of virtually every Vermont newborn for early identification of a wide variety of genetic conditions such as PKU.

Health Care Authority

Health System Management

The HCA offers a range of consumer assistance regarding health care, including educational publications, lists of carriers and rates, complaint resolution services, and external appeals of denial of benefits; reviews insurance policies and proposed health insurance premium rates in the private health insurance market in Vermont; oversees a program in consumer protection and quality assurance in managed care plans; administers the annual binding budget program for all Vermont hospitals in an effort to monitor and control increases in hospital costs; ensures that licensed health care facilities and services are necessary, non-duplicative and distributed fairly throughout the state; administers or directs the creation of numerous health care databases to support analyses of Vermont health care expenditures; and works with health care professionals in Vermont and regionally to continuously improve the quality of health care throughout the health care system serving all Vermonters.

Office of Vermont Health Access

VSCRIPT Expanded

Offers benefits to low-income seniors and disabled with incomes of 175 - 225% of FPL.

VSC

Allied Health Education (dental hygienist, LPN)

State funds provided to Vermont State College to train dental hygienist and LPNs.

TO MICHAEL SMITH, SECRETARY, AHS

JOSHUA SLEN, DIRECTOR, OVHA

FROM: SUSAN HARRITT, AAG, HUMAN SERVICES LEGAL COUNSEL

MICHAEL MCSHANE, AAG

RE: ATTORNEY GENERAL REVIEW OF CONDITION 5, JOINT FISCAL

COMMITTEE CONTINGENT APPROVAL

DATE: October 26, 2005

On September 30, 2005 the Joint Fiscal Committee accepted and approved with amendments the recommendation of the Health Access Oversight Committee granting contingent approval of the Global Commitment. The Joint Fiscal Committee's full approval of the Global Commitment to the Health Demonstration Waiver Program is conditioned in part on review by the Office of the Attorney General. Pursuant to this condition appearing at (b)(5) in the Joint Fiscal Committee's September 30, 2005 motion, the Office of the Attorney General has reviewed as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration waiver program. The Attorney General's Office finds that the documents comply with federal statutory requirements generally expressed in 42 U.S.A. § 1315 relating to demonstration projects. The specific documents that were reviewed included the revised final draft of the Intergovernmental Agreement between the Agency of Human Services (AHS) and the Office of Vermont Health Access (OVHA); a letter from Mark McClellan, M.D., Centers for Medicare and Medicaid Services (CMS) to AHS Secretary Michael Smith, date stamped September 27, 2005; a letter from Richard R. McGreal, Acting Associate Regional Administrator, CMS, to AHS Secretary Michael Smith, dated September 29, 2005; and the Waiver and Expenditure Authorities, including the STC, for Vermont's Global Commitment to Health, Section 1115 Demonstration.

Excerpt from minutes of Joint Fiscal Committee meeting of September 30, 2005

* * * * * *

GLOBAL COMMITMENT PROGRAM APPROVAL:

- 4. <u>Senator Bartlett moved, and Representative Westman seconded, that the Joint Fiscal Committee accept and approve the recommendation of the Health Access Oversight Committee to grant contingent approval of the Global Commitment to Health Demonstration Waiver Program, with amendments as reflected below:</u>
 - (a) That the Joint Fiscal Committee, pursuant to its authority under Section 250(c) of Act 71 of 2005, grant contingent approval to the Global Commitment to Health Demonstration Waiver Program negotiated by the Administration and the Centers for Medicare and Medicaid Services (CMS) as delineated in Special Terms and Conditions, Number 11-W-00914/1, dated September 27, 2005, and that pursuant to this contingent grant of approval the Administration may begin implementation of the Demonstration Waiver Program on October 1, 2005 for the five year period, from October 1, 2005 through September 30, 2010.
 - (b) That the Joint Fiscal Committee's full approval to the Global Commitment to Health Demonstration Waiver Program be granted on or before November 17, 2005, if, on or before that time, the Joint Fiscal Committee finds that the following conditions have been met:
 - (1) Complete demonstration provisions furnished. That a complete and comprehensive listing and description of all the provisions of the Demonstration Waiver agreement be prepared and included in the letter of acceptance to CMS by the Office of Vermont Health Access (OVHA) and provided to the Joint Fiscal Committee, comparing the original proposal for the Demonstration Waiver Program with the outcome of negotiations with CMS; and that the Joint Fiscal Committee finds that these final provisions are in accord with the terms and conditions presented to the Joint Fiscal Committee as the basis for its contingent approval.
 - (2) Final premium amounts determined to be sufficient. That OVHA present to the Joint Fiscal Committee the final premium amounts adopted by the Agency of Human Services (AHS) upon actuarial certification, and that the Joint Fiscal Committee finds that such amounts are sufficient to support the Demonstration Waiver Program including the state's current Medicaid and expansion programs.
 - (3) Agreement regarding future years' premiums. That AHS work with CMS regarding the criteria utilized in future waiver years in order to ensure that future premiums will not be negatively affected by successful cost savings efforts achieved by the state, and that OVHA report to the

Joint Fiscal Committee and the Health Access Oversight Committee on the status and provisions of any agreement reached.

- (4) MCO Savings Identified. That OVHA present to the Joint Fiscal Committee a list of criteria and an updated list of MCO targeted health care investments that support the administration's recommendation that the final value of the Demonstration Waiver program to the state is within the range of \$135 million to \$165 million.
- (5) Attorney General Review. That the Attorney General review as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration Waiver program.
- (c) That by granting contingent approval of the Demonstration Waiver program, the Joint Fiscal Committee cedes none of the authority of the General Assembly to determine policy, eligibility and benefits for the Medicaid program (including expansion programs), through legislative enactments, administrative rules review, the state budget and appropriations process, or any other means of legislative oversight. Further, the Joint Fiscal Committee affirm the legislature's commitment to providing health care benefits to low-income Vermonters through the Medicaid program.
- (d) That pursuant to #40 of the Special Terms and Conditions, revenue from capitation payments will be used to reduce the rates of uninsured or underinsured and improve the access and quality of services to that group; that the approval letter from the Department of Health and Human Services also indicate the Department's understanding that "Vermont will demonstrate its ability to promote universal access to health care;" and therefore, to the extent that there is unused spending capacity as measured by the difference between the amount necessary to maintain the current Medicaid program and the Demonstration Waiver program's maximum certified premium, that unused spending capacity shall be used to fund health care initiatives authorized by the legislature to improve the access to and quality of health care services received by the uninsured and underinsured.

The motion was adopted by unanimous voice vote.

Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • 802) 828-2295 • Fax: 802) 828-2483

MEMORANDUM

To:

Joint Fiscal Committee

From:

Stephen A. Klein

Date:

November 9, 2005

Subject:

Fiscal Officer's Report

The Joint Fiscal Committee meeting of November 17^{th} will run from 9:30-12:45. The Global Commitment discussion scheduled for after 11:30 will be preliminary, final approval will take place at a subsequent Joint Fiscal meeting on November 30^{th} . Details are below in the second section of this report.

1. Fiscal Year 2006 Revenues and Expenditures

a) Monthly Revenue Tracking -

General Fund: Based on monthly targets through the first four months of the fiscal year, general fund revenues are \$18 million over targets. While this is good news it will not necessarily translate into a revenue upgrade of this magnitude. The revenue strength is in corporate tax and estate tax revenue. Corporate tax revenues are volatile. The extra estate tax revenues are largely due to one large estate. It is likely that about \$9 million of the excess will be transferred to the Higher Education Trust Fund at the end of the fiscal year. The more important tax sources are less positive. Personal income tax receipts are 1.5% below estimates. Sales and use and rooms and meals are on target. The good news is we will have more revenue in FY 2006 but FY 2007 may not see a similar increase.

Transportation Fund: The transportation fund is on target through the first four months of the fiscal year. At this point there is no clear direction as to a January update and while there will be source differences, overall there appears to be little revenue change.

Education Fund: The education fund is \$1 million, or 2%, over forecast. The sales and use tax and the lottery are sources of this overage. Again it is too early to identify any trends for the January forecast revision.

b) Education Fund Developments – We will be inviting Tax Commissioner Pelham to talk about the December 1, statewide property tax rate change. It appears that the tax rate change will be lower than was initially estimated at the September JFC meeting. The likely reduction from FY 2006 is in the \$.01 - \$.03 cents range, or a \$1.00 tax rate. One reason for this is a lower balance in the education fund to reduce taxes due to higher inflation increasing the size of the base educational payment to school

districts. As the base educational payment per student goes up the cost to the residential taxpayers is reduced. The final numbers are still under development.

2. Global Commitment/Medicaid, Medicare Part D, and Health Care Reform:

- a) Global Commitment/Medicaid The Administration has asked the JFC to postpone a final vote on Global Commitment until after Thanksgiving. The reason for this postponement is a delay in the premium information from the actuary. The actuary is expected to give AHS its premium calculation on Nov. 18th and is expected to deliver this information to the JFO by the close of business on Nov. 22nd. As we will have the information the day before Thanksgiving, our plan is to review it in time for a Joint Fiscal Committee meeting now scheduled for 1:00 pm on Wednesday, Nov. 30th. The actuary delay is a change due in part to different analysis requests by CMS regional offices and national offices. These are in the process of being resolved. At the Nov. 17th meeting we will go over the other four conditions contained in the Sept. 30th approval motion which can be addressed without premium information. We can assess any additional information needs and determine if these four conditions are satisfied. A copy of the final motion is included with the materials.
- b) Baseline changes in deficit projections The baseline deficit Vermont will face in its Medicaid program continues to be impacted by a number of factors. At the last Fiscal Committee meeting we reported that the projected deficit had been reduced by a revised federal Medicaid match rate. Recent reports indicate that the clawback may be less costly than anticipated. On the other hand, caseload costs are running over expectations and we have yet to see what "woodwork" effects will take place because of Medicare Part D. As people sign up for Medicare Part D we may find they are eligible for Medicaid and will automatically be enrolled. Stephanie Barrett and Don Dickey will report on this at the meeting.
- c) Medicare Part D implementation: Medicare Part D implementation is gearing up in the next few weeks. Vermonters are faced with choices between 44 plans. Subsidized dual-eligibles and VHAP pharmacy program participants will be auto enrolled by a process of random assignment to one of the 11 plans that offer standard coverage. Random assignment means individuals may find that the plan to which they are assigned is not ideal in regard to the plan formulary meeting individual prescription needs. This means that the implementation process will extend into next year at the least. Also, with this many plans, there is a strong likelihood that there will be some consolidation after the first year. We anticipate a significant amount of enrollees switching plans in the course of the first year of this program. We will have a short update on Medicare Part D implementation at the meeting.
- d) Health Care Reform Ken Thorpe will be meeting with the Health Care Reform Commission on Tuesday, November 15th. He has also planned meetings with groups of doctors, health care IT professionals and others on Monday. There will be an additional meeting with Ken Thorpe in December.

3. Summer Study Activity

- a) The House Judiciary Health Committee Maria Belliveau has worked on a fiscal analysis of the Administration's proposal on civil commitment legislation aimed at sex offenders and violent criminals. Copies are on our Web page.
- b) Economic Development Study Mark Perrault has been staffing the Economic Development Study Committee. They are developing a final report which will look at the tax department proposal which was before the legislature last year.
- c) The Teachers Retirement Funding Commission The Teachers Retirement Study Committee is considering a revised formula for determining actuarial liability. The revision reduces the annual contribution necessary to fully fund the system. Even with this reduction the FY 07 funding gap is approximately \$14 million. Without the change in actuarial approach the gap would be closer to \$34 million.
- d) House Legislative Study Committee on Income-Based Education Property Tax.

 The Committee presented two alternative proposals for reform of the income-based education tax system at a public hearing at the State House on November 7th. A final report on the Committee's recommendations to the House Committee on Ways & Means and the Senate Finance Committee is currently being drafted. Mark Perrault is staffing this committee.

4. Other Meeting Updates:

- a) Fiscal Pressures Finance Commissioner Reardon will be providing the Committee with an update of budget adjustment fiscal pressures and the Administration's approach to building the FY 2007 budget.
- b) LIHEAP The Emergency Board approved up to \$6.7 million in general funds for LIHEAP expenditures which will be used as necessary to keep the state's support at 62% of Vermont's heating bill this winter. Another \$3.5 million will be transferred from the Weatherization Trust Fund.
- c) Homeland Security Executive Session As part of the Nov. 17th meeting we will be having an executive session regarding a JFC-approved grant to provide security improvements at seven Vermont sites. While JFC approved the expenditure, it was done with the understanding that committee members would be briefed in a closed meeting.
- d) Transportation Project Costs Update In the first three months of the fiscal year transportation bids were coming in over expectations. This trend appears to have leveled off. This is due to AOT revising its cost expectations to reflect current economic conditions and also the fact that while fuel prices are up, steel prices have dropped sharply. The Joint Transportation Committee will continue to monitor this.
- e) Developmental Services Report Pursuant to Sec. 138 (b) of Act 71 of 2005 the Department of Aging and Independent Living another update on the developmental services funding is included with the agenda under "Reports for Information."

5. Joint Fiscal Office Updates:

- a) Budget System Development Richard Reed and Stephanie Barrett have been meeting with administration staff to align budget system development plans. We are awaiting access to the system from Utah's fiscal office which will likely serve as a base for our system development.
- b) JFO Medicaid staff hire Donald Dickey has been hired as the Medicaid "Global Commitment" implementation staff. He is an attorney most recently working in the New Hampshire Medicaid program on Medicare Part D implementation. He has worked for the Roberts Wood Johnson Foundation in health care policy and before that has worked at the federal level as an attorney for CMS.
- c) Other Administration changes Dave Yacavone has moved from the position of Director of Administrative Services in the Agency of Human Services to AHS' field services director for Lamoille County.

Handouts at

ENDA

cal Committee iber 17, 2005 30 a.m. 1, State House

	 Approval of minutes of following meetings: September 15, September 28, and September 30; and September 15 joint JFC- Transportation Committee Chairs [4 enclosures]
9:35	2. Revenue update [Chief Fiscal Officer]
9:40	3. Fiscal Year 2006 budget adjustments and FY 2007 budget instructions [Commissioner of Finance and Management]
10:00	4. Report on allocation of pay act funds [Commissioner of Finance and Management] [enclosed]
10:10	5. Update on fiscal year 2007 residential and non-residential property tax [Joint Fiscal Office]
10:20	6. Fuel assistance update [Agency of Human Services]
	7. Health care [Medicaid/Global Commitment, Medicare]
10:35	a. Medicaid deficit projections – update [Joint Fiscal Office]
10:45	b. Medicare Part D [Joint Fiscal Office]
10:55	 c. Global Commitment – preliminary presentation on Terms and Conditions [enclosure]
	[Susan Besio, Director of Planning, Agency of Human Services; Joshua Slen, Director of the Office of Vermont Health Access]

12:15 p.m. Executive Session

8. Homeland security grant [JFO #2226, approved in October 2005 through 30-day process] and audit [Department of Public Safety]

[over]

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- 12:40 9. Joint Fiscal Office [Chief Fiscal Officer]
 - a. Fiscal Officer's report
 - b. Joint Fiscal Committee and Office budget for FY 2007
- 12:45 10. Next Meeting Date [Global Commitment Terms and Conditions] November 30 at 1:00 p.m., subject to JFC confirmation

Adjournment

<u>Report(s) for information – no action required</u> [Agency of Human Services will mail these reports directly to JFC members]

- 1. Health Access Trust Fund transfers [Sec. 104c(a) of Act 71 of 2005]
- 2. Department of Aging and Independent Living Developmental Services report on meeting requirements of Sec.138(b) of Act 71 of 2005

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State of Vermont

AGENCY OF HUMAN SERVICES

OFFICE OF THE SECRETARY 103 South Main Street Waterbury, Vermont 05671-0204

> Telephone: (802) 241-2220 Fax: (802) 241- 2979

TO: Joint Fiscal Committee

From: Michael Smith, Secretary, Agency of Human Services

Date: November 9, 2005

Subj. 2005 Act 71 Sec 104c(a)

Pursuant to 2005 Act 71 Section 104c(a), I am advising you there have been no transfers made from other appropriations of state, federal, and special funds for Medicaid programs and purposes into the Health Access Trust Fund since July 1, 2005 to this date.

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of the Global Commitment. There will need to be an adjustment for the first quarter of FY 06 since the Department's appropriation was based on a full year of federal funding for this program.

Joint Fiscal Committee Page 2 November 9, 2005

Finally, as approved in the FY 2006 budget, developmental services providers received a 3.75% cost of living increase on AHS funded services. At the same time, a 2% reduction in existing consumer budgets was enacted in order to be applied to the caseload needs for FY 2006. Attached is a summary of the impact of the 2% reduction. A total of 469 consumers were impacted with reduced or changed services and 34.27 FTE staff were laid off. A total of \$1,965,511 (federal and state funds) were reduced in order to be applied to emergency caseload needs for FY 06.

Please let us know if there is any additional information you require.

/s

CC: Patrick Flood
Theresa Wood
Ira Sollace
Jim Giffin

Attachment (1)

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Commissioner's Office Fax Number (802) 241-2400 (802) 241-2325



Developmental Services (802) 241-2614 Fax Number (802) 241-4224 TTY Relay Service 1-800-253-0191

State of Vermont Agency of Human Services Department of Aging and Independent Living

Division of Disability and Aging Services 103 South Main Street Waterbury, VT 05671-1601

MEMORANDUM ::

TO:

Joint Fiscal Committee

FROM:

Michael Smith, Secretary, Agency of Human Services

Jim Reardon, Commissioner, Department of Finance and Management

DATE:

November 9, 2005

SUBJECT:

Developmental Disabilities Caseload Update - FY 2006

As required in the FY 06 Appropriations Act, we are providing an update on meeting the caseload needs for individuals with developmental disabilities.

Information as of November 1, 2005								
FY 2006 Budgeted Estimate	FY 2006 Actual as of 11/01/05	Average <u>Annual</u> Cost to Caseload	FY 06 Average Cost to Caseload					
Emergency Caseload 219 people	40 existing people 50 new people 90 total people	\$23,865 Gross / \$9,808 GF	\$19,955 Gross / \$8,201 GF					
Public Safety 23 people	9 existing people 6 new people 15 total people	\$39,012 Gross / \$16,034 GF	\$34,402 Gross / \$14,139 GF					
High School Graduates 65 people	24 existing people 18 new people 42 total people	\$24,077 Gross / \$9,896 GF	\$22,897 Gross / \$9,410 GF					

The annualized care plans for the above 147 individuals for FY 07 (before any potential inflationary increases for providers) equals \$3,744,282. The types of services required by the above individuals include the following: residential supports; community supports; work supports; service coordination/case management; crisis services; clinical services; transportation; and, respite care.

As of November 1, 2005, there were 0 individuals who met the FY 2006 System of Care Plan funding priorities who have been denied services. Additionally, as of June 30, 2005 there are 28 individuals on the Flexible Family Funding waiting list. The Department has allocated \$1,086,890 in Flexible Family funding per concurrence of the legislature and the administration in anticipation

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of the Global Commitment. There will need to be an adjustment for the first quarter of FY 06 since the Department's appropriation was based on a full year of federal funding for this program.

Joint Fiscal Committee Page 2 November 9, 2005

Finally, as approved in the FY 2006 budget, developmental services providers received a 3.75% cost of living increase on AHS funded services. At the same time, a 2% reduction in existing consumer budgets was enacted in order to be applied to the caseload needs for FY 2006. Attached is a summary of the impact of the 2% reduction. A total of 469 consumers were impacted with reduced or changed services and 34.27 FTE staff were laid off. A total of \$1,965,511 (federal and state funds) were reduced in order to be applied to emergency caseload needs for FY 06.

Please let us know if there is any additional information you require.

/s

CC: Patrick Flood
Theresa Wood
Ira Sollace
Jim Giffin

Attachment (1)

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	FY 2004 Actuals	FY 2005 Actuals	FY 2006 Proj 10/19/05 w Pay Act	Admin Target FY 2007	JFO Request FY 2007
Pay*	657,614	660,586	735,333	787,651	787,651
Health/Dental Insurance*	63,683	75,550	91,220	107,538	107,538
Other Personal Services*	110,477	112,280	120,919	129,504	129,504
Propylon		5,780			
Kavet	90,808	77,715	91,000	93,730	93,730
3righton	8,090	11,264	12,000	12,500	12,500
Health Management Assoc.			27,000		·
Total Personal Services	930,672	943,175	1,077,471	1,130,923	1,130,923
Operating Expenses	72,571	90,266	90,901	87,831	87,831
Total Expenditures	1,003,243	1,033,441	1,168,372	1,218,754	1,218,754
APPROPRIATIONS	FY 2004 Actuals	FY2005 Actual	FY 2006 Proj 10/20/05 w Pay Act	Admin Target FY 2007	JFO Request FY 2007
Jeneral Fund	787,290	831,789	982,901	1,118,373	1,151,604
'ransportation Fund	167,300	134,395	135,472		•
Iealth Access		25,000			
'otal Big Bill /BA	954,590	991,184	1,118,373	1,118,373	1,151,604
ay Act Allocation	0	22,098	28,031		
'otal Base Appropriations	954,590	1,013,282	1,146,404	1,118,373	1,151,604
urplus/(Deficit)	(48,653)	(20,159)	(21,968)	(100,381)	(67,150)
eginning Carryforward Balance	84,700	36,047	15,889	30,389	30,389
Inding Carryforward Balance	36,047	15,889	(6,080)	(69,992)	(36,761)
ransfer from Health Care Commiss			31,563	36,800	36,800
ransfer from Budget Development	One Time		4,906		
alance after Transfers			30,389	(33,192)	39
egislative Medicaid Assoc.			50,604	37,846	37,846
udget Development Waterfall; Sec	. 263(g)(3)		95,000		
ransfer to Tax Department			(15,000)		
alance - Budget Development			80,000		



PHONE: (802) 828-2295 FAX: (802) 828-2483

MEMORANDUM

To:

Jim Reardon, Commissioner;

Jason Aronowitz, Analyst

From:

Stephen A. Klein, Fiscal Officer

Date:

October 20, 2005

Subject:

Joint Fiscal Committee FY 2007 Budget

First of all we are sorry for the delay in developing our FY 2007 budget. As you are aware, we had a number of Fiscal Committee decisions which impacted our budget development process and kept us in the formative stage throughout much of October. Most noticeable of these were:

- The September hiring of a consultant on Global Commitment HMA (Health Management Associates) which impacted our FY 2006 carryforward expectations.
- The September 30th decision to hire a Medicaid/GC analyst for one year impacting FY 2006 and FY 2007 budget needs.
- The commitment of a portion of Catherine Benham's time in FY06 and FY07 to the Health Care Commission to assist them with their deliberations and management and the resulting financial transfer to our budget.

We have had a chance to review these budgetary changes and are now able to make the following budget projections:

- We are not requesting any budget adjustment for FY06.
- Our FY07 request to the Joint Fiscal Committee and the Appropriations
 Committees looks like it will be roughly \$1,151,604 (\$33,231 or 3% higher than
 our FY06 base of \$1,118,373) This figure reflects the FY06 base plus the roll out
 of pay act and other inflationary increases including health insurance and fee for
 space.
- We recognize that our plan for FY07 relies on the use of one time carryforward and transferred funds to meet our budget needs. However as we consider FY08, we see some offsets as the budget IT project will hopefully be winding down.
- As you know, this budget projection is subject to further legislative action on health care or other areas.

We appreciate your incorporation of this request into the Administration's proposed budget.

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STATE OF VERMONT GRANT ACCEPTANCE FORM

2226

DEPARTMENT: Public Safety

DATE: August 25, 2005

GRANT/DONATION; Office for Domestic Preparedness FY 2005 Buffer Zone Protection

Program

GRANTOR/DONOR: US Department of Homeland Security, Office of State and Local

Government Coordination and Preparedness

GRANT PERIOD: April 1, 2005 - March 31, 2006

AMOUNT/VALUE:

Grants:

\$ 350,000

Federal Funding

\$ 350,000

POSITIONS REQUESTED (LIMITED SERVICE): None

ANY ON-GOING, LONG-TERM COSTS TO THE STATE: None.

COMMENTS:

Grant will provide funding for seven (7) Critical Infrastructure and Key Resource (CI/KR) sites in Vermont, principally around power generation facilities and the IBM plant in Essex. A list is included in the Program Narrative.

I recommend acceptance of this grant. W

DEPT. FINANCE AND MANAGEMENT: SECRETARY OF ADMINISTRATION:

SENT TO JOINT FISCAL OFFICE:

(INITIAL) (INITIAL) (INITIAL) (INITIAL) (INITIAL) (INITIAL) (INITIAL)

JULIA SE SANCE

SEP 1 9 2005

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE

AA1 00-6

Page 1

(use additional sheets as needed)

Form AA-1

1. Agency:

Department:
 Program:

Department of Public Safety Homeland Security Unit

4. Legal Title of Grant:

ODP FY 2005 Buffer Zone Protection Program

5. Federal Catalog Number:

97.078

6. Grantor and Office Address:

Department of Homeland Security

Office of State and Local Government Coordination and Preparedness

245 Murray Lane, Bldg. #410

Washington, DC 20523

7. Grant Period:

From:

6/24/2005

To:

6/23/2006

8. Purpose of Grant: (attach additional sheets if needed)

Funds for equipment, management, and administration costs to enhance protection efforts around Critical Infrastructure and Key Resource sites in Vermont that have been identified by DHS and the State of VT. There are seven sites that have been identified needing Buffer Zone Protection Plans.

9. Impact on existing programs if grant is not accepted:

This program will support national homeland security efforts by enhancing the coordination of federal, state, and local efforts to develop and implement protective actions at CI/KR sites across the country in order to better safeguard the nation and minimuze the potential for terrorist attacks.

10. Budget Information Expenditures:		(1st State FY) FY 2006	(2nd State FY) FY 2007	(3rd State FY) FY 2008
Operating Expense			•	•
Grants		\$350,000		9
Other				· · · · · · · · · · · · · · · · · · ·
- Total →	-	\$350,000	\$0	\$0
Revenues:				
State Funds:				
Cash				
In-Kind				
Federal Funds		\$350,000	\$0	\$0
Direct Costs		•		
Statewide Indirects			•	
Dept Indirects				
Other Funds				
(Specify: Local Match)				
Total	_	\$350,000	\$0	\$0
Grant will be allocated to these	Business Unit	FUND	DEPTID	Amount
appropriation expenditure accounts:	02140	22005	2140070000	\$350,000

A MA D O SUBE

Form AA-1	Page 2
11. Will grant monies be spent by one or more personal services contra ☐ YES ☑ NO	cts?
If YES, signature of appointing authority here indicates intent to follow of	urrent guidelines on bidding
n/a	<u> </u>
12a. Please list any requested sponsored positions:	
Position Titles: Number of Positions	
n/a	
Total	
12b. Equipment and space for these positions: Is presently available Can be obtained with available funds No equipment and/or space is required for this grant	
13. Signature of Appointing Authority: I certify that no funds have been expended	Dasser 1/20/00
or committed in anticipation of Joint Fiscal (Signature) Committee approval of this grant.	(Date)
14. Action by the Governor:	9/13/05
Rejected (Signature)	(Date)
15. Action by the Secretary of Administration: Request action by JFO	Sold 9/2/05
Information to JFO (Signature)	(Date)
Request placed on JFC Agenda	(Dates)
Approved (not placed on Agenda in 30 days) Approved by JFC Rejected by JFC	
Approved by Legislature	
(Signature)	(Date)

formaa1.xls/trn/02201999



Department of Homeland Security

Office of State and Local Government Coordination and Preparedness

June 24, 2005

Washington, D.C. 20531

Mr. Kerry Sleeper Vermont Department of Public Safety 103 South Main Street Waterbury, VT 05671-2101

Dear Mr. Sleeper:

I am pleased to inform you that the Office of State and Local Government Coordination and Preparedness has approved the application for funding under the DHS FY 2005 Buffer Zone Protection (BZP) Program in the amount of \$350,000 for Vermont Department of Public Safety. Through this accord, the State of Vermont Department of Public Safety will use grant funding in the amount of \$350,000 from the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) for costs related to equipment, annagement, and administration of protective actions aimed at protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource (CI/KR) sites. This program will support national homeland security efforts by enhancing the coordination of federal, state, and local efforts to develop and implement protective actions at CI/KR sites across the country in order to better safeguard the nation and minimize the potential for terrorist attacks.

Enclosed you will find the Grant Award and Special Conditions documents. This award is subject to all administrative and financial requirements, including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of cash-on-hand. Should you not adhere to these requirements, you will be in violation of the terms of this agreement and the award will be subject to termination for cause or other administrative action as appropriate.

If you have questions regarding this award, please contact:

- Program Questions, James M. Mullikin, Program Manager at (202) 786-9684; and
- Financial Questions, the Office of the Comptroller, Customer Service Center (CSC) at (800) 458-0786, or you may contact the CSC at ask.oc@usdoj.gov.

Congratulations, and we look forward to working with you.

Sincerely,

Matt A. Mayer

Acting Executive Director, SLGCP

Enclosures

Department of Homeland Security Office of State and Local Government Coordination and Preparedness	Grant PAGE 1 OF 3
RECIPIENT NAME AND ADDRESS (Including Zip Code) Vermont Department of Public Safety 103 South Main Street Waterbury, VT 05671-2101	4. AWARD NUMBER: 2005-GR-T5-0071 5. PROJECT PERIOD: FROM 04/01/2005 TO 03/31/2006 BUDGET PERIOD: FROM 04/01/2005 TO 03/31/2006 6. AWARD DATE 06/24/2005 7, ACTION
IA. GRANTEE IRS/VENDOR NO. 036000274	8. SUPPLEMENT NUMBER Initial 00
	9. PREVIOUS AWARD AMOUNT \$ 0
3. PROJECT TITLE	10. AMOUNT OF THIS AWARD \$ 350,000
Office for Domestic Preparedness Fiscal Year 2005 Buffer Zone Protection Program	11. TOTAL AWARD \$ 350,000
13. STATUTORY AUTHORITY FOR GRANT This project is supported under Public Law 108-334, Department of Homo 15. METHOD OF PAYMENT	eland Security Appropriations Act of 2005
LOCES	
AGENCY APPROVAL	GRANTEE ACCEPTANCE
16. TYPED NAME AND TITLE OF APPROVING DHS OFFICIAL	18. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL
Matt A. Mayer Acting Executive Director, SLGCP	Kerry Sleeper Commissioner
17. SIGNATURE OF APPROVING DHS OFFICIAL	19. SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL 19A. DATE
ulif_	Ken Toro 7/86
AGEN	CY USE ONLY
20. ACCOUNTING CLASSIFICATION CODES FISCAL FUND BUD. DIV.	21. GR05V00054
YEAR CODE ACT. OFC. REG. SUB. POMS AMOUN	1
5 T GR 25 00 00 350000	

OJP FORM 4000/2 (REV. 5-87) PREVIOUS EDITIONS ARE OBSOLETE.

* DHS must sirirde written appirtal of completed B2P of VLPP for each site before funds may be ibligated, dawn Jown, er expended.

+ level of Performance is
12 misorhs show the date
of the grant award.
6/34/05-6/33/06
4. must be enlered in interest
beaung account



Department of Homeland Security Office of State and Local Government Coordination and Preparedness

AWARD CONTINUATION SHEET

Grant

PAGE 2 OF 3

PROJECT NUMBER

2005-GR-T5-0071

AWARD DATE

06/24/2005

SPECIAL CONDITIONS

- The recipient agrees to comply with the financial and administrative requirements set forth in the current edition of the Office of Justice Programs (OJP) Financial Guide.
- The recipient agrees to comply with the organizational audit requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as further described in the current edition of the OJP Financial Guide, Chapter 19.
- Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the
 enactment, repeal, modification or adoption of any law, regulation or policy, at any level of government, without the
 express prior written approval of ODP.
- The recipient further agrees to comply with the standards put forth in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.
- The recipient agrees that federal funds under this award will be used to supplement, but not supplant, state or local funds for homeland security preparedness.
- 6. The recipient agrees that all allocations and use of funds under this grant will be in accordance with the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) Guidelines and Application Kit and must support the goals and objectives included in the State and/or Urban Area Homeland Security Strategies.
- If the recipient chooses to prioritize their Buffer Zone Protection Program (BZPP) identified sites, the prioritization list
 must be submitted to DHS/SLGCP for approval within 60 days of the award date.
- 8. When implementing SLGCP funded activities; the recipient must comply with all federal civil rights laws, to include Title VI of the Civil Rights Act, as amended. The recipient is required to take reasonable steps to ensure persons of limited English proficiency have meaningful access to language assistance services regarding the development of proposals and budgets and conducting DHS/SLGCP funded activities.
- 9. The recipient agrees that all publications created with funding under this grant shall prominently contain the following statement: "This Document was prepared under a grant from the United States Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of the U.S. Department of Homeland Security."
- 10. The recipient agrees that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: "Purchased with funds provided by the U.S. Department of Homeland Security."
- 11. The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.
- 12. Approval of this award does not indicate approval of any consultant rate in excess of \$450 per day. A detailed justification must be submitted to and approved by SLGCP prior to obligation or expenditure of such funds.





Department of Homeland Security Office of State and Local Government Coordination and Preparedness

AWARD CONTINUATION SHEET

Grant

PAGE 3 OF 3

PROJECT NUMBER

2005-GR-T5-0071

AWARD DATE

06/24/2005

SPECIAL CONDITIONS

- 13. The recipient acknowledges that DHS reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for federal government purposes: (1) the copyright in any work developed under an award or subaward; and (2) any rights of copyright to which a recipient or subrecipient purchases ownership with federal support. The recipient agrees to consult with DHS regarding the allocation of any patent rights that arise from, or are purchased with this funding.
- 14. The recipient understands that funding from the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) can only be used for costs related to equipment, management, and administration of protective actions aimed at protecting, securing, and reducing the vulnerabilities around the identified critical infrastructure and key resource (CI/KR) sites.
- 15. Funding from the FY05 Buffer Zone Protection Program (BZPP) is reserved for the acquisition and use of the allowable materials, equipment, and resources identified in the BZP and resulting Vulnerability Reduction Purchase Plan (VRPP), as necessary to implement protective measures that will reduce vulnerabilities around CI/KR sites. States and jurisdictions must have DHS/SLGCP's written approval of the BZP and VRPP and notification that all program requirements have been met for each site before FY05 BZPP funds for that site may be obligated, expended, or passed-through by the State to the responsible jurisdiction of that site.
- 16. Federal grant money cannot be used for the improvement of federal buildings or for other activities that solely benefit the federal government. In the case of federal Buffer Zone Protection Program (BZPP) sites, the grantees may improve the perimeter, but cannot improve the federal facility, i.e., they cannot permanently improve the federal property.
- 17. All Buffer Zone Protection Program (BZPP) materials, including prioritization lists, Buffer Zone Plans (BZPs), and Vulnerability Reduction Purchase Plans (VRPPs), submitted to DHS must be marked "For Official Use Only" (FOUO) and bear the following statement, "This information is voluntarily submitted to the federal government in expectation of protection from disclosure as provided by the provisions of the Critical Infrastructure Information Act of 2002."

 These materials and site lists may not be distributed to anyone outside those entities working in an official capacity to manage, develop, and implement the BZPP at the identified sites. All BZPP generated materials must also be clearly labeled and distributed according to the requirements listed in page 17 of the FY 2005 BZPP Guidelines and Application Kit.
- 18. All email correspondence, between the grantee and DHS, related to the application, submission, approval, and/or revision of Buffer Zone Plans (BZPs), and Vulnerability Reduction Purchase Plans (VRPPs) must carbon copy the BZPP@dhs.gov email address. This will assist and support DHS with the logging, tracking, and related reporting requirements for the Buffer Zone Protection Program (BZPP). However, the actual BZPs and VRPPs should never be sent via email.





Department of Homeland Security

GRANT MANAGER'S MEMORANDUM, PT. I: PROJECT SUMMARY

Grant ·

Office of State and Local Government Coordination and Preparedness

PROJECT NUMBER 2005-GR-T5-0071

PAGE 1 OF 1

This project is supported under Public Law 108-334, Department of Homeland Security Appropriations Act of 2005 2. PROJECT DIRECTOR (Name, address & telephone number) 1. STAFF CONTACT (Name & telephone number) James M. Mullikin Melissa Jenkins Grants Manager (202) 786-9684 103 South Main Street Waterbury, VT 05671-2101 (802) 241-5315 3a. TITLE OF THE PROGRAM 3b. POMS CODE (SEE INSTRUCTIONS ON REVERSE) DHS FY 2005 BZP Program 4. TITLE OF PROJECT Office for Domestic Preparedness Fiscal Year 2005 Buffer Zone Protection Program 5. NAME & ADDRESS OF GRANTEE 6. NAME & ADRESS OF SUBGRANTEE Vermont Department of Public Safety 103 South Main Street Waterbury, VT 05671-2101 8. BUDGET PERIOD 7. PROGRAM PERIOD TO: 03/31/2006 TO: 03/31/2006 FROM: 04/01/2005 FROM: 04/01/2005 9. AMOUNT OF AWARD 10. DATE OF AWARD 06/24/2005 \$ 350,000 12. SECOND YEAR'S BUDGET AMOUNT 11. SECOND YEAR'S BUDGET 14. THIRD YEAR'S BUDGET AMOUNT 13. THIRD YEAR'S BUDGET PERIOD

15. SUMMARY DESCRIPTION OF PROJECT (See instruction on reverse)

Through this accord, the State of Vermont Department of Public Safety will use grant funding in the amount of \$350,000 from the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) for costs related to equipment, management, and administration of protective actions aimed at protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource (CI/KR) sites. This program will support national homeland security efforts by enhancing the coordination of federal, state, and local efforts to develop and implement protective actions at CI/KR sites across the country in order to better safeguard the nation and minimize the potential for terrorist attacks.



The State of Vermont Department of Public Safety Fiscal Year 2005 Bi-Annual Strategy Implementation Reports (BSIR) provide a basis for DHS to evaluate the progress of implementing the BZPP with the State and/or Urban Area Homeland Security Strategy. DHS will conduct grant program monitoring activities as an additional evaluation component to help further evaluate the program's efforts to reduce the vulnerabilities of the identified CI/KR sites, and gauge the effectiveness of the state's homeland security implementation efforts.



APPLICATION FOR FEDERAL ASSISTANCE	2. DATE SUBMITTED	Applicant Identifier			
1. TYPE OF SUBMISSION	3. DATE RECEIVED BY STATE	State Application Identifier			
Application Non-Construction	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier			
5.APPLICANT INFORMATION					
Legal Name		Organizational Unit			
Vermont Department of Public Sa	afety	Homeland Security Unit			
Address 103 South Main Street Waterbruy, Vermont		Name and telephone number of the person to be contacted on matters involving this application			
05671-2101		Jenkins, Melissa (802) 241-5315			
6. EMPLOYER IDENTIFICATION	ON NUMBER (EIN)	7. TYPE OF APPLICANT			
03-6000274		State			
8. TYPE OF APPLICATION	9. NAME OF FEDERAL AGENCY				
New	Office of State and Local Government Coordination and Preparedness 11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT Office for Domestic Preparedness Fiscal Year 2005 Buffer Zone Protection Program				
10. CATALOG OF FEDERAL D					
NUMBER: 97.078 CFDA TITLE: Buffer Zone					
12. AREAS AFFECTED BY PRO	DJECT				
State of Vermont					
13. PROPOSED PROJECT Start Date: May	14. CONGRESSIONAL DISTRICTS OF				
End Date: April	a. Applicant b. Project VT00				
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT			
Federal	\$350,000	TO REVIEW BY STATE EXECUTIVE ORDER 12372			
Applicant	PROCESS?				
State	\$0				

Local	\$0	Program is not covered by E.O.
Other	\$0	12372
Program Income	\$0	17. IS THE APPLICANT DELINQUENT ON ANY
TOTAL	\$350,000	FEDERAL DEBT?
	1	N

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS REQUIRED.

Close Window

State of Vermont - FY 2005 ODP Buffer Zone Protection Program Application

DUNS Number: 80-937-6692 Application #: 2005-V0241-VT-GE

Fiscal Year 2005 ODP Buffer Zone Protection Program

Program Narrative

The President's National Strategy for the Physical Protection of Critical Infrastructure and Key Assets (CI/KA) of February 2003, directed the development of a comprehensive national approach to physical protection. The Vermont Department of Public Safety Homeland Security Unit (HSU) in coordination with the Federal Department of Homeland Security (DHS), Vermont Emergency Management, our local, state and private industry partners has worked diligently to develop Buffer Zone Protection Plans (BZPP's) for the seven sites identified and approved by DHS.

For the last year, HSU contractors and our energy sector partners have been working together to develop these plans that are designed to put into place effective protective measures that will make it more difficult for terrorists to conduct surveillance or launch attacks from the immediate vicinity of CI/KA. The state of Vermont has identified seven (7) sites that are in need of a BZPP. They are:

- 1. Coolidge Power Generating Facility- Proctorsville, VT
- 2. Essex Power Generating Facility Williston, VT
- 3. Highgate Converter Station Milton, VT
- 4. Milton Power Generating Facility Milton, VT
- 5. West Rutland Power Generating Facility West Rutland, VT
- 6. Vermont Yankee Nuclear Power Plant Vernon, VT
- 7. IBM Essex, VT

In our strategy to develop and implement these BZPP's, we will be utilizing the federal funding provided through this program to better protect this CI/KA from terrorist attacks. We will be providing each site with the prescribed \$50,000.00 and at this time will not be prioritizing levels of funding. However, it is out intent to purchase equipment that fits within our state strategy, is in keeping with our state wide "all hazards" emergency response approach and can be utilized on a state wide basis.

To date, the state of Vermont is making the needed changes required by DHS to complete the Vulnerability Reduction Payment Plan (VRPP) on the five BZPP's that have been completed. In addition, work is underway to complete the remaining two BZPP's and we fully intend to complete these plans well within required time frames.

STANDARD ASSURANCES

The Applicant hereby assures and certifies compliance with all applicable Federal statutes, regulations, policies, guidelines, and requirements, including OMB Circulars A-21, A-87, A-102, A-110, A-122, A-133; Ex. Order 12372 (intergovernmental review of federal programs); and 28 C.F.R. pts. 66 or 70 (administrative requirements for grants and cooperative agreements). The applicant also specifically assures and certifies that:

- 1. It has the legal authority to apply for federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay any required non-federal share of project cost) to ensure proper planning, management, and completion of the project described in this application.
- 2. It will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
- It will give the awarding agency or the General Accounting Office, through any authorized representative, access to and the right to examine all paper or electronic records related to the financial assistance.
- 4. It will comply with all lawful requirements imposed by the awarding agency, specifically including any applicable regulations, such as 28 C.F.R. pts. 18, 22, 23, 30, 35, 38, 42, 61, and 63.
- 5. It will assist the awarding agency (if necessary) in assuring compliance with section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. § 470), Ex. Order 11593 (identification and protection of historic properties), the Archeological and Historical Preservation Act of 1974 (16 U.S.C. § 469 a-1 et seq.), and the National Environmental Policy Act of 1969 (42 U.S.C. § 4321).
- 6. It will comply (and will require any subgrantees or contractors to comply) with any applicable statutorily-imposed nondiscrimination requirements, which may include the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3789d); the Victims of Crime Act (42 U.S.C. § 10604(e)); The Juvenile Justice and Delinquency Prevention Act of 2002 (42 U.S.C. § 5672(b)); the Civil Rights Act of 1964 (42 U.S.C. § 2000d); the Rehabilitation Act of 1973 (29 U.S.C. § 7 94); the Americans with Disabilities Act of 1990 (42 U.S.C. § 12131-34); the Education Amendments of 1972 (20 U.S.C. §§1681, 1683, 1685-86); and the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07); see Ex. Order 13279 (equal protection of the laws for faith-based and community organizations).

7. If a governmental entity:

- a. it will comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. § 4601 et seq.), which govern the treatment of persons displaced as a result of federal and federally-assisted programs; and
- b. it will comply with requirements of 5 U.S.C. §§ 1501-08 and §§ 7324-28, which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by federal assistance.

U.S. DEPARTMENT OF JUSTICE OFFICE OF JUSTICE PROGRAMS OFFICE OF THE COMPTROLLER

CERTIFICATIONS REGARDING LOBBYING; DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG-FREE WORKPLACE REQUIREMENTS

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Applicants should also review the instructions for certification included in the regulations before completing this form. Signature of this form provides for compliance with certification requirements under 28 CFR Part 69, "New Restrictions on Lobbying" and 28 CFR Part 67, "Government-wide Debarment and Suspension (Nonpro-curement) and Government-wide Requirements for Drug-Free Workplace (Grants)." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Justice determines to award the covered transaction, grant, or cooperative agreement.

- 1. LOBBYING As required by Section 1352, Title 31 of the U.S. Code, and implemented at 28 CFR Part 69, for persons entering into a grant or cooperative agreement over \$100,000, as defined at 28 CFR Part 69, the applicant certifies that:
- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for in-fluencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in con-nection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities," in accordance with its instructions;
- (c) The undersigned shall require that the language of this cer-tification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all sub-recipients shall certify and disclose accordingly.
- 2. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (DIRECT RECIPIENT)

As required by Executive Order 12549, Debarment and Suspension, and implemented at 28 CFR Part 67, for prospective participants in primary covered transactions, as defined at 28 CFR Part 67, Section 67.510

- A. The applicant certifies that it and its principals:
- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;

- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default; and
- B. Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.
- 3. DRUG-FREE WORKPLACE (GRANTEES OTHER THAN INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988, and implemented at 28 CFR Part 67, Subpart F, for grantees, as defined at 28 CFR Part 67 Sections 67.615 and 67.620

- A. The applicant certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an on-going drug-free awareness program to inform employees about
- (1) The dangers of drug abuse in the workplace;
- (2) The grantee's policy of maintaining a drug-free workplace;
- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
- (1) Abide by the terms of the statement; and
- (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency, in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to: Department of

Justice, Office of Justice Programs, ATTN: Control Desk, 633 Indiana Avenue, N.W., Washington, D.C. 20531. Notice shall include the identification number(s) of each affected grant;

- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted
- (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
- (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above certifications.



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97.078 BUFFER ZONE PROTECTION PLAN (BZPP)

FEDERAL AGENCY
DEPARTMENT OF HOMELAND SECURITY (DHS)

AUTHORIZATION

Department of Homeland Security Appropriations Act.

OBJECTIVES

The Buffer Zone Protection Plan (BZPP) will provide funding for the planning, equipment, and management of protective actions, with the objective of protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource (CI/KR) sites.

TYPES OF ASSISTANCE

Project Grants.

USES AND USE RESTRICTIONS

BZPP grant awards may be used for planning, equipment, and management of protective actions as related to the program objectives, and will be administered by the respective State Administrative Agency (SAA). The SAA will allocate BZPP funds to the jurisdiction(s) in which the CI/KR sites are located. For more detailed information concerning BZPP grant award uses and restrictions, please refer to the program solicitation guidance.

ELIGIBILITY REQUIREMENTS

Applicant Eligibility

States, as defined in the Homeland Security Act of 2002, means "any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any possession of the United States." The State's SAA is the only agency eligible to apply for FY 05 BZPP grant funds and is responsible for obligating BZPP grant awards to the responsible jurisdiction(s) that have authority over the identified CI/KR sites. The term "responsible jurisdiction" as used in the BZPP program guidance and application kit, refers to the primary agency (i.e. State, local, or tribal entity or unit of government), that has authority over the DHS identified CI/KA facility, the facility's curtilage, adjacent grounds, and/or structures.

Beneficiary Eligibility

State and local governmental jurisdiction(s) responsible for the CI/KR sites.

Credentials/Documentation

To apply for BZPP funds, the SAA must submit an online application for funding through the Office of Justice Programs (OJP) Grants Management System (GMS). For more detailed application requirements please refer to the BZPP Program Solicitation Guidance.

APPLICATION AND AWARD PROCESS

Preapplication Coordination

This program is eligible for coverage under E.O. 12372 "Intergovernmental Review of Federal Programs." An applicant should consult the office or official designated as the single point of contact in his or her State for more information on the process to be followed as required by the State in applying for assistance, if the State has selected the program for review.

Application Procedure

Applications must be submitted online using the Office of Justice Program's (OJP) Grant Management System (GMS) and must contain information and meet the requirements outlined in the FY 05 BZP solicitation program guidelines and application kit.

Award Procedure

Applicants will be notified by DHS in writing if they will receive funding, and of the eligible identified CI/KR sites.

Deadlines

Applications will be made available on March 2, 2005 and must be received by ODP no later than March 30, 2005.

Range of Approval/Disapproval Time

Office for Domestic Preparedness (ODP) will have 15 days to act on complete applications.

Appeals

None.

Renewals

An annual appropriation is anticipated for this program.

ASSISTANCE CONSIDERATIONS

Formula and Matching Requirements

For more detailed information on the funding allocation formula and criteria please refer to the BZPP program solicitation guidance.

Length and Time Phasing of Assistance

The period of performance is 12 months from the date of the grant award. .

POST ASSISTANCE REQUIREMENTS

Reports

The state and sub-grantees are responsible for providing updated obligation and expenditure information on a regular basis. States will provide consolidated information to ODP in the Categorical Assistance Progress Reports (CAPR). The CAPR is due within 30 days after the end of the bi-annual reporting period (a report is due by July 31, for the period covering January 1 through June 30; and a report is due January 31 for the period covering July 1 through December 31). Updated obligation and expenditure information must be provided with CAPRs to show progress made in meeting strategic goals and objectives. ODP will provide a web-enabled application to grantees for CAPR submission; this web application is identical to that used to submit Biannual Strategy Implementation Reports (BSIR) mandated for other ODP grant programs. Grantees will be required to submit updated BZPP Program implementation information biannually. Future awards and fund drawdowns may be withheld if these reports are delinquent. The final CAPR is due 120 days after the end date of the award period. The OJP Office of the Comptroller will provide a copy of the financial and progress report forms in the initial award package. For more detailed reporting requirements please refer to the BZPP program guidance.

Audits

In accordance with the provisions of OMB Circular A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Nonprofit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular A-133. These audits are due to the cognizant Federal agency not later than nine months after the end of the grantee's fiscal year.

Records

Financial records, supporting documents, statistical records, and all other records pertinent to a grant shall be retained for a period of at least three years after the grant has been closed or until an audit has been conducted that does not show any questionable costs.

FINANCIAL INFORMATION

Account Identification 70-0560-0-1-999.

Obligations

(Project Grants)(BZPP) FY 04 not available; FY 05 est \$92,000,000, and FY 06 est \$50,000,000.

Range and Average of Financial Assistance Amounts will vary.

PROGRAM ACCOMPLISHMENTS New program.

REGULATIONS, GUIDELINES, AND LITERATURE

For additional information on program requirements and guidance, please refer to the BZPP Program Guidelines and Application Kit.

INFORMATION CONTACTS

Regional or Local Office None.

Headquarters Office

Department of Homeland Security, Office of State and Local Government Coordination and Preparedness, Office for Domestic Preparedness (ODP), 245 Murray Lane, Bldg. #410, Washington, DC 20523. ODP's Centralized Scheduling and Information Desk (CSID) can be contacted at 1-800-368-6498, 8:00 a.m. - 7:00 p.m. (EST), Monday - Friday. or askcsid@dhs.gov.

Web Site Address

http://www.ojp.usdoj.gov/odp; http://www.dhs.gov

RELATED PROGRAMS

97.008, Urban Areas Security Initiative; 97.042, State Homeland Security Program (SHSP); 97.074, Law Enforcement Terrorism Prevention Program (LETPP).

EXAMPLES OF FUNDED PROJECTS

None.

CRITERIA FOR SELECTING PROPOSALS

Refer to the solicitation guidelines and application kit for specific grant program requirements, allowables, and guidance.

General Services Administration
Office of Governmentwide Policy
Office of Acquisition Policy
Regulatory and Federal Assistance Publication Division (MVA)

From:

Michael Obuchowski

To:

Rebecca Buck

Date:

9/26/2005 1:50:25 PM

Subject:

Re: Questions on JFO #2226 from Rep. Obuchowski

Thanks.

>>> Rebecca Buck 9/26/2005 1:19 PM >>> Good afternoon Ted and Jacinthe--

Rep. Obuchowski has the following questions regarding JFO #2226 (\$350,000 Homeland Security grant for buffer zone protection plans at 7 VT sites):

- 1) What they are doing at these sites?
- 2) Who owns these sites or protected assets in these buffer zones? Why are they not paying for protection of their own assets?
- 3) Are there other sites in VT that should be receiving the same treatment? If so: What are the sites? Where are they located? Are there plans to protect them?
- 4) Also Rep. Obuchowski had a recent conversation with State Auditor Brock in which the Auditor said the Dept. of Public Safety had shown him some homeland security funding that wasn't being spent properly. In light of this recent conversation and in making sure this grant (JFO #2226) is being spent properly, Rep. Obuchowski would like to see a budget for this.

Please cc me on your response to Rep. Obuchowski. Thank you.--Becky

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From:

Michael Obuchowski

To:

Rebecca Buck

Date:

10/3/2005 8:07:54 AM

Subject:

Fwd:

>>> "Chris Reinfurt" <creinfur@dps.state.vt.us> 10/1/2005 8:13 AM >>> Dear Representative Obuchowski,

At the request of Commissioner Sleeper I am responding to your questions in reference to the recently reviewed Homeland Security Buffer Zone Protection Plan Grant (JFO#2226). The Buffer Zone Protection Plan is a special program designed to reduce vulnerabilities of sites designated in each state that meet the criteria set out by the Department of Homeland Security.

The purpose of the plans are to extend a "buffer zone" around the areas designated as critical in each of the states to reduce their vulnerabilities. These seven sites must be crucial in terms of national-level public health and safety, governance, economic and national security and public confidence consequences. The seven sites that meet the criteria set forth by DHS are all privately owned by three corporations but the response to these sites in emergencies fall upon the local communities. It is our intentions to fund the needs of local and state responders to these sites in case of an emergency.

The seven sites include five electrical sub-stations owned by Velco, VY-Yankee, and IBM. Many of these sites are already well protected and need no further upgrades. The responders to these sites have requested equipment in the form of communications (interoperability), bomb mitigation, and other equipment that would enhance their response should an emergency arise at these sites.

There are other important sites that did not fall within DHS' criteria for the BZPP. They include the State Capital, Hospitals, and State, Federal, and local facilities. Many of these sites have upgraded their security through "Regular" Homeland Security Grants, Regular state and local funds, and other Federal Grants such as CDC and HRSA (VDH Grants). The Vermont State Police has also designated other areas in each of the Public Safety Districts as critical areas that need special attention. They may include interstate bridges, dams, Gov't buildings, smaller industries that would have a local impact if attacked. These areas receive no funding but during times of elevation would receive some protection in the form of patrols by local and state police.

The Vermont Homeland Security currently has over 1000 sub-recipients that includes three years of grants. During that time we have found very few problems relating to the management of grants. The majority of the issues relate to small organizations that have never managed grants in the past and have not been able to keep up with the administration of the grant. The HSU has worked with these fire chiefs and ambulance services to educate and support them in these matters. This year a confidential source contacted me in my capacity as a police officer and the Director of HS. The confidential source indicated that they felt that their organization was improperly using HS grants that may rise to a criminal matter but they wanted our review. After reviewing the information and consulting with appropriate federal law enforcement it was felt that the best course of action would be to conduct an audit and if any criminal conduct was discovered an investigation would be requested. At this time I would respectfully request that this matter remain confidential as it is not clear yet if there is any misconduct/criminal intentions.

Should you have any further questions please feel free to contact me. Respectfully. Chris.

Captain Chris Reinfurt Director, Homeland Security Unit Vermont State Police 103 So. Main Street Waterbury, Vt. 05671 (802) 241-5357 (802) 241-5349-fax

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AGENDA

Joint Fiscal Committee November 17, 2005 9:30 a.m. Room 11, State House

9:30 a.m.	Call to order
	1. Approval of minutes of following meetings: September 15, September 28, and September 30; and September 15 joint JFC- Transportation Committee Chairs [4 enclosures]
9:35	2. Revenue update [Chief Fiscal Officer]
9:40	3. Fiscal Year 2006 budget adjustments and FY 2007 budget instructions [Commissioner of Finance and Management]
10:00	4. Report on allocation of pay act funds [Commissioner of Finance and Management] [enclosed]
10:10	5. Update on fiscal year 2007 residential and non-residential property tax [Joint Fiscal Office]
10:20	6. Fuel assistance update [Agency of Human Services]
	7. Health care [Medicaid/Global Commitment, Medicare]
10:35 10:45 10:55	 a. Medicaid deficit projections – update [Joint Fiscal Office] b. Medicare Part D [Joint Fiscal Office] c. Global Commitment – preliminary presentation on Terms and Conditions [enclosure] [Susan Besio, Director of Planning, Agency of Human Services; Joshua Slen, Director of the Office of Vermont Health Access]
12:15 p.m.	Executive Session 8. Homeland security grant [JFO #2226, approved in October 2005 through 30-day process] and audit [Department of Public Safety]

[over]

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- 12:40
- 9. Joint Fiscal Office
 - a. Fiscal Officer's report [Chief Fiscal Officer]
 - b. Joint Fiscal Committee and Office budget for FY 2007
- 12:45
- 10. Next Meeting Date [Global Commitment Terms and Conditions] November 30 at 1:00 p.m., subject to JFC confirmation

Adjournment

<u>Report(s) for information – no action required</u> [Agency of Human Services will mail these reports directly to JFC members]

- 1. Health Access Trust Fund transfers [Sec. 104c(a) of Act 71 of 2005]
- 2. Department of Aging and Independent Living Developmental Services report on meeting requirements of Sec.138(b) of Act 71 of 2005

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Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • 802) 828-2295 • Fax: 802) 828-2483

MEMORANDUM

To:

Joint Fiscal Committee

From:

Stephen A. Klein

Date:

November 9, 2005

Subject:

Fiscal Officer's Report

The Joint Fiscal Committee meeting of November 17^{th} will run from 9:30-12:45. The Global Commitment discussion scheduled for after 11:30 will be preliminary, final approval will take place at a subsequent Joint Fiscal meeting on November 30^{th} . Details are below in the second section of this report.

1. Fiscal Year 2006 Revenues and Expenditures

a) Monthly Revenue Tracking -

General Fund: Based on monthly targets through the first four months of the fiscal year, general fund revenues are \$18 million over targets. While this is good news it will not necessarily translate into a revenue upgrade of this magnitude. The revenue strength is in corporate tax and estate tax revenue. Corporate tax revenues are volatile. The extra estate tax revenues are largely due to one large estate. It is likely that about \$9 million of the excess will be transferred to the Higher Education Trust Fund at the end of the fiscal year. The more important tax sources are less positive. Personal income tax receipts are 1.5% below estimates. Sales and use and rooms and meals are on target. The good news is we will have more revenue in FY 2006 but FY 2007 may not see a similar increase.

Transportation Fund: The transportation fund is on target through the first four months of the fiscal year. At this point there is no clear direction as to a January update and while there will be source differences, overall there appears to be little revenue change.

Education Fund: The education fund is \$1 million, or 2%, over forecast. The sales and use tax and the lottery are sources of this overage. Again it is too early to identify any trends for the January forecast revision.

b) Education Fund Developments – We will be inviting Tax Commissioner Pelham to talk about the December 1, statewide property tax rate change. It appears that the tax rate change will be lower than was initially estimated at the September JFC meeting. The likely reduction from FY 2006 is in the \$.01 - \$.03 cents range, or a \$1.00 tax rate. One reason for this is a lower balance in the education fund to reduce taxes due to higher inflation increasing the size of the base educational payment to school

districts. As the base educational payment per student goes up the cost to the residential taxpayers is reduced. The final numbers are still under development.

2. Global Commitment/Medicaid, Medicare Part D, and Health Care Reform:

- a) Global Commitment/Medicaid The Administration has asked the JFC to postpone a final vote on Global Commitment until after Thanksgiving. The reason for this postponement is a delay in the premium information from the actuary. The actuary is expected to give AHS its premium calculation on Nov. 18th and is expected to deliver this information to the JFO by the close of business on Nov. 22nd. As we will have the information the day before Thanksgiving, our plan is to review it in time for a Joint Fiscal Committee meeting now scheduled for 1:00 pm on Wednesday, Nov. 30th. The actuary delay is a change due in part to different analysis requests by CMS regional offices and national offices. These are in the process of being resolved. At the Nov. 17th meeting we will go over the other four conditions contained in the Sept. 30th approval motion which can be addressed without premium information. We can assess any additional information needs and determine if these four conditions are satisfied. A copy of the final motion is included with the materials.
- b) Baseline changes in deficit projections The baseline deficit Vermont will face in its Medicaid program continues to be impacted by a number of factors. At the last Fiscal Committee meeting we reported that the projected deficit had been reduced by a revised federal Medicaid match rate. Recent reports indicate that the clawback may be less costly than anticipated. On the other hand, caseload costs are running over expectations and we have yet to see what "woodwork" effects will take place because of Medicare Part D. As people sign up for Medicare Part D we may find they are eligible for Medicaid and will automatically be enrolled. Stephanie Barrett and Don Dickey will report on this at the meeting.
- c) Medicare Part D implementation: Medicare Part D implementation is gearing up in the next few weeks. Vermonters are faced with choices between 44 plans. Subsidized dual-eligibles and VHAP pharmacy program participants will be auto enrolled by a process of random assignment to one of the 11 plans that offer standard coverage. Random assignment means individuals may find that the plan to which they are assigned is not ideal in regard to the plan formulary meeting individual prescription needs. This means that the implementation process will extend into next year at the least. Also, with this many plans, there is a strong likelihood that there will be some consolidation after the first year. We anticipate a significant amount of enrollees switching plans in the course of the first year of this program. We will have a short update on Medicare Part D implementation at the meeting.
- d) Health Care Reform Ken Thorpe will be meeting with the Health Care Reform Commission on Tuesday, November 15th. He has also planned meetings with groups of doctors, health care IT professionals and others on Monday. There will be an additional meeting with Ken Thorpe in December.

3. Summer Study Activity

- a) The House Judiciary Health Committee Maria Belliveau has worked on a fiscal analysis of the Administration's proposal on civil commitment legislation aimed at sex offenders and violent criminals. Copies are on our Web page.
- b) Economic Development Study Mark Perrault has been staffing the Economic Development Study Committee. They are developing a final report which will look at the tax department proposal which was before the legislature last year.
- c) The Teachers Retirement Funding Commission The Teachers Retirement Study Committee is considering a revised formula for determining actuarial liability. The revision reduces the annual contribution necessary to fully fund the system. Even with this reduction the FY 07 funding gap is approximately \$14 million. Without the change in actuarial approach the gap would be closer to \$34 million.
- d) House Legislative Study Committee on Income-Based Education Property Tax.

 The Committee presented two alternative proposals for reform of the income-based education tax system at a public hearing at the State House on November 7th. A final report on the Committee's recommendations to the House Committee on Ways & Means and the Senate Finance Committee is currently being drafted. Mark Perrault is staffing this committee.

4. Other Meeting Updates:

- a) Fiscal Pressures Finance Commissioner Reardon will be providing the Committee with an update of budget adjustment fiscal pressures and the Administration's approach to building the FY 2007 budget.
- b) LIHEAP The Emergency Board approved up to \$6.7 million in general funds for LIHEAP expenditures which will be used as necessary to keep the state's support at 62% of Vermont's heating bill this winter. Another \$3.5 million will be transferred from the Weatherization Trust Fund.
- c) Homeland Security Executive Session As part of the Nov. 17th meeting we will be having an executive session regarding a JFC-approved grant to provide security improvements at seven Vermont sites. While JFC approved the expenditure, it was done with the understanding that committee members would be briefed in a closed meeting.
- d) Transportation Project Costs Update In the first three months of the fiscal year transportation bids were coming in over expectations. This trend appears to have leveled off. This is due to AOT revising its cost expectations to reflect current economic conditions and also the fact that while fuel prices are up, steel prices have dropped sharply. The Joint Transportation Committee will continue to monitor this.
- e) Developmental Services Report Pursuant to Sec. 138 (b) of Act 71 of 2005 the Department of Aging and Independent Living another update on the developmental services funding is included with the agenda under "Reports for Information."

5. Joint Fiscal Office Updates:

- a) Budget System Development Richard Reed and Stephanie Barrett have been meeting with administration staff to align budget system development plans. We are awaiting access to the system from Utah's fiscal office which will likely serve as a base for our system development.
- b) JFO Medicaid staff hire Donald Dickey has been hired as the Medicaid "Global Commitment" implementation staff. He is an attorney most recently working in the New Hampshire Medicaid program on Medicare Part D implementation. He has worked for the Roberts Wood Johnson Foundation in health care policy and before that has worked at the federal level as an attorney for CMS.
- c) Other Administration changes Dave Yacavone has moved from the position of Director of Administrative Services in the Agency of Human Services to AHS' field services director for Lamoille County.



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State of Vermont

Agency of Administration

DEPARTMENT OF FINANCE & MANAGEMENT

109 State Street Montpelier, Vermont 05602 (802) 828-2376

To:

Joint Fiscal Committee

From:

Jim Reardon Commissioner

Date:

November 10, 2005

Re:

Special Funds Created in FY 2005

Pursuant to 32 VSA Sec. 588(6), I am hereby submitting to the Joint Fiscal Committee the list of Special Funds created in FY 2005, with name, authorization and revenue source.

JR/bfb

Attachment



keep:Special Funds created FY05	11/15/05 10:52 A	M
Report on Special Funds created in FY 2005		
Submitted to the Joint Fiscal Committee pursu	uant to 32 VSA Sec 588(6)	
Dept/Name of Fund	Authorization	Revenue Source
Deponante of Fund	Additionzacion	Nevende dource
Agriculture		
Animal Spaying and Neutering Fund	20 VSA Sec. 3816	\$2 surcharge on dog licenses; gifts from private donors; appropriations by the General Assembly; interest earnings.
Attorney General		
AG-Administrative Special Fund	32 VSA Sec. 585(b)	Court settlements.
Commerce & Community Development		
Brownfields Revitalization Fund	10 VSA Sec 6615a(I)(1)	Funds as appropriated by the General Assembly; gifts, grants and other contributions.
Environmental Conservation		
Local Community Implementation Fund	10 VSA Sec. 1264c	Approprations by the General Assembly; other public or private sources; interest earnings.
Stormwater-Impaired Waters Restoration Fund	10 VSA Sec. 1264b	Stormwater impact fees paid by permittees; appropriations or transferred funds by the General Assembly, the emergency board, or the JFC; principal & interest from loan repayments; private gifts, bequests & donations; other public or private sector funds.
Public Safety		
Registration Fee Fund	18 VSA Sec. 4474a	Application fees to become registered patients or caregivers in the cannabis therapeutic research program.
Inspection and Licensing Special Fund	20 VSA Sec. 2739	Fees relating to the licensing of electricians and plumbers, and plumbing installation and inspection. (Was in Dept of Labor & Industry)
Fire Safety Special Fund	20 VSA Sec. 2738	Fees relating to construction & inspection of public building & fire prevention inspections; fees relating to boilers & presssure vessels; fees relating to electrical installations & inspections. (Was in Dept of Labor & Industry)
State Treasurer		
Armed Services Scholarship Fund	16 VSA Sec. 2541	Appropriation from the general assembly and interest earned .
Indemnification Fund	2005 Act 6 Sec. 87b	Net revenues from industrial building mortgage insurance fund, Vermont financial access program, and interest earned.
Health		
Health Department - Special Fund	2004 Act 122 Sec 11(a)	Created to collapse several existing special funds into this one fund; various sources of revenue.



FY06 General Fund Tracking (\$ in millions, major sources)

Personal Income Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	43.6	28.8	55.1	46.3	29.4	52.3
Monthly Actual	40.0	29.5	56.0	45.4	0.0	0.0
Difference	-3.6	0.8	0.9	-0.9	0.0	0.0
Cumulative Target	43.6	72.4	127.5	173.8	203.2	255.5
Cumulative Actual	40.0	69.6	125.6	171.0		
Difference	-3.6	-2.8	-1.9	-2.9	0.0	0.0
Sales & Use Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	19.6	16.9	16.5	19.8	17.6	17.2
Monthly Actual	19.7	16.7	17.3	21.0	0.0	0.0
Difference	0.1	-0.2	0.8	1.2	0.0	0.0
Cumulative Target	19.6	36.5	53.0	72.9	90.4	107.6
Cumulative Actual	19.7	36.4	53.7	74.7		
Difference	0.1	-0.1	0.6	1.8	0.0	0.0
Corporate Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	1.2	0.8	9.7	2.2	-1.5	8.2
Monthly Actual	2.5	1.2	12.3	5.0	0.0	0.0
Difference	1.3	0.3	2.6	2.8	0.0	0.0
Cumulative Target	1.2	2.0	11.7	13.9	12.5	20.7
Cumulative Actual	2.5	3.7	16.0	21.0		
Difference	1.3	1.6	4.3	7.0	0.0	0.0
Meals & Rooms Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	9.1	10.3	11.2	10.6	10.2	7.2
Monthly Actual	8.8	10.8	10.9	9.8	0.0	0.0
Difference	-0.3	0.6	-0.3	-0.8	0.0	0.0
	9.1	19.3	30.5	41.1	51.4	58.5
Cumulative Target Cumulative Actual	8.8	19.6	30.5	40.3	51.4	36.3
Difference	-0.3	0.3	0.0	-0.8	0.0	0.0
Dillerence	-0.3	0.5	0.0	-0.0	0.0	0.0
Property Transfer Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	1.2	1.4	1.4	1.4	1.3	1.5
Monthly Actual	1.6	1.2	1.4	1.2	0.0	0.0
Difference	0.4	-0.2	0.0	-0.2	0.0	0.0
Cumulative Target	1.2	2.6	4.0	5.4	6.8	8.3
Cumulative Actual	1.6	2.8	4.2	5.5		
Difference	0.4	0.2	0.2	0.0	0.0	0.0
All Other Revenue	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	8.1	10.8	9.9	8.8	9.8	10.6
Monthly Actual	6.6	11.3	24.4	7.9	0.0	0.0
Difference	-1.5	0.5	14.5	-1.0	0.0	0.0
Cumulative Target	8.1	18.9	28.9	37.7	47.5	58.2
Cumulative Actual	6.6	17.9	42.3	50.2	0.0	0.0
Difference	-1.5	-1.0	13.5	12.5	0.0	0.0
Total Davanus	1.105	Aug. 05	Con OF	Oat OF	Nov. OF	Doc OF
Total Revenue	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	82.8	69.0	103.8	89.2	66.9	97.0
Monthly Actual	79.2	70.8	122.3	90.3	0.0	0.0
Difference	-3.6	1.7	18.5	1.1	0.0	0.0
Cumulative Target	82.8	151.9	255.7	344.9	411.8	508.8
Cumulative Actual	79.2	150.0	272.3	362.6		
Difference	-3.6	-1.9	16.6	17.7	0.0	0.0
Estate Tax	(Note: Estate Tax is o	compared to the 7	OF foresent of \$15	8 million \		
Cumulative Collections			16.9	17.6		
	0.6	1.1			00/	00/
% of Total (\$16.8 M)	4%	6%	101%	105%	0%	0%

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July 2005 Targets

FY06 Transportation Fund Tracking (\$ in millions, major sources)

Gasoline Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	5.6	6.0	5.5	6.1	5.1	5.7
Monthly Actual	5.5	6.1	6.3	5.3	0.0	0.0
Difference	0.0	0.2	0.9	-0.9	0.0	0.0
Cumulative Target	5.6	11.5	17.0	23.1	28.2	34.0
Cumulative Actual	5.5	11.7	18.0	23.3		
Difference	0.0	0.1	1.0	0.1	0.0	0.0
Diesel Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	0.9	1.2	1.4	1.6	1.3	1.7
Monthly Actual	0.9	1.6	1.5	2.0	0.0	0.0
Difference	0.0	0.4	0.1	0.4	0.0	0.0
	0.0	2.1	3.5	5.1	6.4	8.2
Cumulative Target Cumulative Actual	0.9	2.1	4.0	6.0	0.4	0.2
Difference	0.0	0.4	0.5	0.8	0.0	0.0
Purchase & Use + Rental Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	4.0	5.8	5.2	5.1	4.0	4.2
Monthly Actual	3.8	6.2	5.4	4.3	0.0	0.0
Difference	-0.2	0.3	0.1	-0.8	0.0	0.0
Cumulative Target	4.0	9.8	15.1	20.2	24.2	28.4
Cumulative Actual	3.8	9.9	15.3	19.6		
Difference	-0.2	0.1	0.2	-0.6	0.0	0.0
DMV Fees	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	4.5	5.1	5.2	4.5	3.7	3.8
Monthly Actual	4.9	4.0	3.6	6.0	0.0	0.0
Difference	0.4	-1.1	-1.6	1.5	0.0	0.0
Cumulative Target	4.5	9.6	14.8	19.2	23.0	26.8
Cumulative Actual	4.9	8.8	12.5	18.4		
Difference	0.4	-0.7	-2.3	-0.8	0.0	0.0
All Other Revenue	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	1.5	1.6	1.0	1.4	0.8	1.3
Monthly Actual	0.3	2.1	1.4	1.2	0.0	0.0
Difference	-1.1	0.5	0.4	-0.2	0.0	0.0
Cumulative Target	1.5	3.1	4.1	5.5	6.3	7.6
Cumulative Actual	0.3	2.4	3.9	5.1	0.0	0.0
Difference	-1.1	-0.7	-0.2	-0.4	0.0	0.0
Total Payanua	lul OF	Aug 05	Son OF	Oct OF	Nov 05	Doc 05
Total Revenue	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	16.5	19.7	18.3	18.7	15.0	16.8
Monthly Actual	15.4	20.0	18.2	18.7	0.0	0.0
Difference	-1.1	0.3	-0.1	0.0	0.0	0.0
Cumulative Target	16.5	36.2	54.5	73.2	88.1	104.9
Cumulative Actual	15.4	35.4	53.6	72.3	0.0	0.0
Difference	-1.1	-0.8	-0.8	-0.9	0.0	0.0

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July 2005 Targets

FY06 Education Fund Tracking (\$ in millions, major sources)

				*		
Sales & Use Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	9.8	8.5	8.2	9.9	8.8	8.6
Monthly Actual	9.9	8.3	8.6	10.5	0.0	0.0
Difference	0.1	-0.2	0.4	0.6	0.0	0.0
Cumulative Target	9.8	18.3	26.5	36.4	45.2	53.8
Cumulative Actual	9.9	18.2	26.8	37.3		
Difference	0.1	-0.1	0.3	0.9	0.0	0.0
Purchase & Use Tax	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	2.0	2.9	2.6	2.6	2.0	2.1
Monthly Actual	1.9	3.1	2.7	2.1	0.0	0.0
Difference	-0.1	0.1	0.1	-0.4	0.0	0.0
Cumulative Target	2.0	4.9	7.5	10.1	12.1	14.2
Cumulative Actual	1.9	4.9	7.6	9.8		
Difference	-0.1	0.0	0.1	-0.3	0.0	0.0
Interest & Premiums	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	0.0	0.0	0.0	0.0	0.0	0.0
Monthly Actual	0.0	0.0	0.1	-0.1	0.0	0.0
Difference	0.0	0.0	0.1	-0.1	0.0	0.0
Cumulative Target	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative Actual	0.0	0.0	0.1	0.0		
Difference	0.0	0.0	0.1	0.0	0.0	0.0
Lottery	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	1.0	1.4	1.6	1.5	1.8	1.5
Monthly Actual	1.0	2.0	1.6	1.3	0.0	0.0
Difference	0.0	0.6	0.1	-0.2	0.0	0.0
Cumulative Target	1.0	2.4	4.0	5.5	7.3	8.8
Cumulative Actual	1.0	3.0	4.6	5.9		
Difference	0.0	0.6	0.6	0.4	0.0	0.0
Total Revenue	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Monthly Target	12.8	12.8	12.4	14.0	12.6	12.2
Monthly Actual	12.8	13.4	13.0	13.8	0.0	0.0
Difference	0.0	0.6	0.6	-0.2	0.0	0.0
Cumulative Target	12.8	25.6	38.0	39.2	64.6	76.9
Cumulative Actual	12.5	26.2	39.2	52.9		
Difference	-0.3	0.6	1.2	13.7	0.0	0.0

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UDGET AND MANAGEMENT (EL.: (802) 828-2376

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STATE OF VERMONT DEPARTMENT OF FINANCE AND MANAGEMENT MONTPELIER, VERMONT 05609-0401

To:

Joint Fiscal Committee

From:

James Reardon Commissioner of Finance & Management

Date:

November 4, 2005

Subject:

Report on allocation of "pay act" - 2005 Act 66 Sec 12, adding 3 VSA Sec

2281(4).

2005 Act 66 Sec 12, adding 3 VSA Sec 2281(4), requires the Department of Finance and Management to submit to the November Joint Fiscal Committee meeting an annual report on the allocation of pay act funding. The report is also to be submitted to the House and Senate Appropriations, and Government Operations Committees.

The formula for computing these funds, and the basis for the formula, are as follows: Department pay act salary requirements (that is, the value of the FY 2006 salary increases, both COLA and steps) are projected position-by-position for all employees on payroll at the start of FY 2006. The pay act associated with budgeted overtime and temporary employees is also included, as is the value of the state share of benefits that attach to salary (FICA, Retirement, Life insurance, and LTD). The General and Transportation Fund shares of the required pay act are derived from the FY 2006 budget submissions, adjusted for legislative actions and the availability of other pay act funding sources. The costs of various non-salary contract items are stipulated in certain articles of the State-VSEA Bargaining Agreement.

Please note that the General and Transportation Fund shares are only a portion of the overall (all funds) cost of the pay act. The overall cost of the FY 2006 raises is \$14.7 million (on a salary base of \$471.5 million). General and Transportation Funds comprise \$9.6 million of the overall pay act; the remainder is made up of Special, Federal, Enterprise, and Internal Service Funds, which are not centrally distributed, and must be generated by the Departments themselves.

The attached spreadsheet shows the pay act allocation. <u>The result is that Departments are fully funded for the General and Transportation Fund portions of the projected costs of FY 2006 salary increases.</u>

We would be pleased to respond to any questions.

Attachment

cc: House and Senate Appropriations, and Government Operations Committees

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11/4/05 5:0	O/FINI				
177700 0.	07710	General Fund		Transportation Fund	
	% GF	by Dept/Agency	% TF	by Dept/Agency	Total GF/TF
Secretary's Office	62.3%	70,565	0.0%	0	70,56
DVHA	0.0%	0	0.0%	0	10,00
lealth Dept	43.8%	488,666	0.0%	0	488,66
Dept for Children & Families	47.0%	708,319	0.0%	0	708,31
Aging & Independent Living	26.8%	119,801	0.0%	0	119,80
Corrections	94.0%	1,500,356	0.9%	14,214	1,514,57
AHS		2,887,707		14,214	2,901,92
ANR - Secretary's Office	100.0%	109,565	0.0%	10	109,56
Fish & Wildlife	100.0%	171,120	0.0%	. 0	171,12
Forests, Parks and Recreation	100.0%	181,828	0.0%	0	181,82
Environmental Conservation	43.2%	209,744	0.8%	3,673	213,41
ANR		672,257		3,673	675,93
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Agency of Admin Secretary's Office	90.4%	11,964	9.6%	1,271	13,23
Dept Information & Innovation	0.0%	. 0	0.0%	0	
inance & Management	92.3%	61,199	3.3%	2,201	63,40
luman Resources	71.3%	107,650	10.8%	16,260	123,91
ibraries	72.6%	32,021	0.0%	0	32,02
Fax Dept	100.0%	266,461	0.0%	0	266,46
Buildings & Gen Services	58.7%	289,886	16.8%	83,011	372,89
Agency Admin		769,181		102,743	871,92
TOT	0.0%	. 0	76.3%	1,353,861	1,353,86
xecutive Office	86.4%	38,110	7.1%	3,115	41,22
egislative Council	84.1%	47,170	15.9%	8,919	56,08
egislative Information Technology	100.0%	7,036	0.0%	0	7,03
egislature	80.0%	30,214	20.0%	7,553	37,76
oint Fiscal Committee	86.0%	24,107	14.0%	3,924	28,03
ergeant at Arms	90.0%	10,609	10.0%	1,179	11,78
ieutenant Governor	85.6%	3,670	14.4%	617	4,28
auditor of Accounts	38.3%	10,879	0.0%	0	10,87
Office of the Treasurer	27.3%	15,673	5.0%	2,869	18,54
State Labor Relations Board	100.0%	4,186	0.0%	0	4,18
OSHA Review Board	50.0%	182	0.0%	0	18:
Attorney General	40.8%	62,994	0.0%	0	62,99
Defender General	83.8%	104,908	8.1%	10,157	115,06
udiciary	78.7%	497,724	12.8%	80,906	578,63
State's Attorneys	87.4%	193,015	3.0%	. 6,626	199,64
heriffs	84.6%	61,587	15.4%	11,206	72,793
Public Safety	75.1%	833,705	1.3%	14,901	848,606
1ilitary	25.4%	34,480	0.0%	0	34,480
riminal Justice Training Council	55.2%	12,315	12.3%	2,744	15,059
griculture	49.7%	64,921	0.5%	712	65,633
ISHCA	3.6%	7,790	0.0%	0	7,790
abor and Industry	18.9%	9,397	0.0%	0	9,39
ecretary of State	11.7%	8,888	0.0%	0	8,888
ublic Service Dept	0.0%	0	0.0%	. 0	(
ublic Service Board	0.0%	0	0.0%	0	
nhanced 9-1-1 Board	0.0%	0 .	0.0%	0	(
luman Rights Commission	75.0%	5,160	0.0%	0	5,160
iquor Control	0.0%	0	0.0%	. 0	(
ottery Commission	0.0%	0	0.0%	0	(
ets Home	0.0%	0	0.0%	0	
ermont Commission on Women	100.0%	6,012	0.0%	0	6,012
mployment and Training	100.0%	369,377	0.0%	0	369,377
ept Education	43.2%	128,992	1.0%	2,852	131,844
atural Resources Board	38.6%	19,095	0.0%	0	19,095
ransportation Board	0.0%	0	100.0%	5,525	5,525
CCD Admin	100.0%	35,914	0.0%	0	35,914
ousing & Comm Affairs	59.8%	47,194	0.0%	0	47,194
conomic Development	87.6%	26,826	0.0%	0	26,826
ourism & Marketing	66.9%	27,335	0.0%	0	27,335
CCD		137,269		0	137,269
OTAL DEPARTMENTS/AGENCIES SALARY ITEMS		7,078,610		1,638,296	8,716,906
				284,435	8,716,906
					· · · · · · · · · · · · · · · · · · ·
Ion-salary contract items (per VSEA Contract):					
Dependent care (Non-Mgmnt Art 8(4))	76.0%	87,400	24.0%	27,600	115,000
Tuition reimbursement:					
Non-mgmnt (Non-Mgmnt Art 37(5) & (11)) (incl 15% admin)	76.0%	139,840	24.0%	44,160	184,000

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keep:Pay Act distribution - FY 2006 - for JFC report 11/4/05 5:07 PM					
1174703 0.07 1 W	 	General Fund		Transportation Fund	·
	% GF	by Dept/Agency	% TF	by Dept/Agency	Total GF/TF
Supervisory (Sup Art 41(5) & (11)) (incl 15% admin)	76.0%	26,220	24.0%	8,280	34,500
Managers	76.0%	26,220	24.0%	8,280	34,500
Contract implementation	76.0%	95,000	24.0%	30,000	125,000
Contract printing	76.0%	6,840	24.0%	2,160	9,000
Contract negotiator	76.0%	57,000	24.0%	18,000	75,000
Total Human Resources		438,520		138,480	577,000
Expense reimbursement - incr meal allowance (Non-Mgmnt Art					
53(2) - incl Managers & Exempts)	49.8%	2,739	15.8%	869	3,608
Non-management unit					
Firefighter meals - Appendix F(13) - 100% Federal funds	0.0%	0	0.0%	0	
Stand-by pay cap - E911 Bd (Art 27(4)(·c))	0.0%	0	0.0%	0	0
Supervisory Unit					
State Police					
Lieutenant expand special team allowance (Art 22(14))	36.6%	864	53.4%	1,260	2,124
Lieutenant Spring fitness bonus increase (Art 23(7))	36.6%	1,166	53,4%	1,701	2,867
Corrections unit					
Employee Assistance study grant (Art 9) - approval by Sec Admin					
required	98.1%	9,810	1.3%	130	9,940
State Police Unit					
Fitness benefit (Art 51(7))	36.6%	11,309	53.4%	16,501	27,810
Special Teams allowance (Art 55(1))	36.6%	8,638	53.4%	12,602	21,240
Lump sum benefit (Art 21(4)(f))	36.6%	84,180	53.4%	122,820	207,000
Assistant Judges per diem (2005 Act 66 Sec 3)	100.0%	17,000		0	17,000
Historical Society (22 VSA Sec 285)	100.0%	8,294		0	8,294
TOTAL NON-SALARY ITEMS		582,520		294,364	876,883
FY 2006 pay act available					
Appropriated in 2005 Act 66 Sec 10(a)(2)		4,019,782		1,248,449	5,268,231
Appropriated in 2005 Act 71 Sec 264(a)(2)		3,415,000		. 0	3,415,000
Carryforward from FY 2005		226,351		684,211	910,562
Total pay act available		7,661,133		1,932,660	9,593,793
Needed for non-sal contract items		(582,520)		(294,364)	(876,883)
Total pay act remaining for Depts	•	7,078,613		1,638,296	8,716,910
Allocated/transferred to Depts		(7,078,610)		(1,638,296)	(8,716,906)
Running balance (\$3 balance appears due to rounding)		3		0	4
NOTES: 1 %GE/TE: derived from FY 2006 budget submissions, adjusted for					

1. %GF/TF: derived from FY 2006 budget submissions, adjusted for legislative actions and availability of other pay act funding sources.

3. All Departments are fully funded for GF/TF portions of FY 2006 projected salary increases.

4. Last April, we projected a shortfall in Transportation Fund available to pay for FY 2006 AOT salary increases. The proposed solution included a 94% pro-rating for GF and TF pay act distribution, to make enough pay act funding available to cover AOT salary increase needs.

Using current salary projections, excess GF pay act, and an increase in the FY 2005 AOT pay act carryforward, no pro-rating is needed.

Management of Transportation Fund Pay Act shortfall in FY 2006			
ALL TF		<u></u>	
FY 2006 Pay Act appropriated (2005 Act 66 Sec 10(a)(2)(B))	1,248,449		
Carry-forward from FY 2005 pay act (unused)	684,211	[\$680,437 due to AOT]	
Needed for non-salary items, per VSEA contract	(294,364)		
Available for salary increases	1,638,296		
Salary increases for non-AOT Depts	(766,892)		
Available for AOT	871,404		
Needed by AOT	(1,353,861)		
AOT shortfall	(482,457)		
Shift of GF pay act surplus to replace TF in Dept Public Safety (makes TF available for AOT)	482.457		
Net AOT shortfall	0		

^{2.} Department pay act salary requirements (COLA + steps) projected position-by-position for all employees on payroll at the start of FY 2006. The pay act associated with budgeted overtime and temporary employees was also included, as was the value of the state share of benefits that attach to salary (FICA, Retirement, Life insurance, and LTD).

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PRELIMINARY RESULTS ONLY - SUBJECT TO CHANGE

Education Fund Outlook - with rates at \$0.99 / \$1.48 / 1.8% (millions of dollars)

November Update

	FY2005	FY2006	FY2007	FY2008
Assumptions	Final	Preliminary	Projected	Projected
a Base Homestead Tax Rate	\$1.05	\$1.02	\$0.99 *	\$0.99
b Uniform Non-Homestead Tax Rate	\$1.54	\$1.51	\$1.48 *	\$1.51
c Base Rate on Household Income	1.90%	1.85%	1.80% *	1.80%
d Household Income Limit	\$75,000	\$75,000	\$85,000	\$90,00
e Housesite Value Limit	\$160,000	\$160,000	\$200,000	\$200,00
f Base Education Payment Per Pupil	\$6,800	\$6,975	\$7,330	\$7,58
g Equalized Pupil Count	99,994	98,606	97,620	96,64
h Education Grand List Growth Rate	9.4%	11.1%	13.5%	13.19
i "Education Spending" Growth Rate	6.3%	6.0%	5.6%	5.69
Sources	* Base statutor	y tax rates are \$1.	10, \$1.59, and 29	6, respectively
Homestead Education Tax	346.8	380.4	426.3	504.2
2 Income-Sensitivity Adjustment	(81.2)	(92.2)	(121.1)	(144.6
3 Non-Homestead Education Tax	385.6	430.3	473.6	525.4
4 Purchase & Use Tax	28.0	28.8	29.7	30.7
5 Sales & Use Tax	103.6	107.8	113.2	117.1
6 Lottery Receipts	20.4	19.8	19.3	18.7
7 General Fund Transfer	249.3	259.3	269.6	280.4
8 Medicaid Reimbursement	9.6	9.6	9.6	9.6
9 Vermont Yankee Education Tax	1.9	1.9	1.9	1.9
10 Fund Interest	(0.5)	0.0	0.2	0.2
11 Total Sources	1,063.5	1,145.6	1,222.3	1,343.7
		7.7%	6.7%	9.9%
Uses 12 Education Payment	910.4	966.0	1,018.4	1,075.8
13 Adult Education & Literacy	0.4	0.3	1,010.4	1,070.0
14 EEE Block Grant	4.3	4.4	4.8	5.4
15 Special Education	105.3	116.1	125.3	135.2
16 Homeowner Rebate (EF portion - 55% of total)	6.8	10.6	18.4	23.3
17 Renter Rebate (EF portion - 70% of total)	4.5	4.7	5.0	5.3
18 Capital Debt	0.5	0.5	0.4	0.3
19 Small Schools	5.2	5.3	5.4	5.5
20 State-Placed Students	11.8	12.5	14.4	15.4
21 Technical Education	9.5	9.8	10.7	11.6
22 Transportation	13.2	13.5	14.0	14.5
23 Reappraisal & Listing (\$7 to \$9.80 per parcel in FY06)	2.3	3.2	3.2	3.2
24 Total Uses	1,074.1	1,146.8	1,219.9	1,295.5
	,,,,,,	6.8%	6.4%	6.2%
Fund Balance			¥	
25 Operating Result	(10.6)	(1.1)	2.4	48.2
26 Prior Year Fund Balance	39.5	28.8	27.7	30.1
27 Total Fund Balance	28.8	27.7	30.1	78.4
28 Stabilization Reserve Reserve Percent	22.9 5.0%	26.7 5.0%	28.1 5.0%	29.5 5.0%
29 Designated Fund Balance	1.8	-	-	-
30 Available for reduction in education tax rates	4.2	0.9	2.1	46.8
Maximum Reserve @ 5.0%	22.9	26.7	28.1	29.5
Minimum Reserve @ 3.5%	16.0	18.7	19.7	20.6

PRELIMINARY RESULTS ONLY - SUBJECT TO CHANGE

Education Fund Outlook - Current Law (millions of dollars)

November Update

	FY2005	FY2006	FY2007	FY2008
Assumptions	Final	Preliminary	Projected	Projected
a Base Homestead Tax Rate	\$1.05	\$1.02	\$1.02 *	\$1.02
b Uniform Non-Homestead Tax Rate	\$1.54	\$1.51	\$1.51 *	\$1.51
c Base Rate on Household Income	1.90%	1.85%	1.85% *	1.85%
d Household Income Limit	\$75,000	\$75,000	\$85,000	\$90,00
e Housesite Value Limit	\$160,000	\$160,000	\$200,000	\$200,00
f Base Education Payment Per Pupil	\$6,800	\$6,975	\$7,330	φ200,50 \$7,58
g Equalized Pupil Count	99,994	98,606	97,620	96,64
h Education Grand List Growth Rate	9.4%	11.1%	13.5%	13.19
i "Education Spending" Growth Rate	6.3%	6.0%	5.6%	• 5.6%
Education openating Growth Hate	L			
Sources	* Base statutor	y tax rates are \$1.	10, \$1.59, and 25	%, respectively
Homestead Education Tax	346.8	380.4	439.2	519.5
Income-Sensitivity Adjustment	(81.2)	(92.2)	(125.1)	(149.3
Non-Homestead Education Tax	385.6	430.3	483.2	536.1
4 Purchase & Use Tax	28.0	28.8	29.7	30.7
5 Sales & Use Tax	103.6	107.8	113.2	117.1
6 Lottery Receipts	20.4	19.8	19.3	18.7
7 General Fund Transfer	249.3	259.3	269.6	280.4
8 Medicaid Reimbursement	9.6	9.6	9.6	9.6
9 Vermont Yankee Education Tax	1.9	1.9	1.9	1.9
10 Fund Interest	(0.5)	0.0	0.2	0.2
11 Total Sources	1,063.5	1,145.6	1,240.9	1,364.9
Rate of Growth		7.7%	8.3%	10.0%
Uses				
12 Education Payment	910.4	966.0	1,018.4	1,075.8
13 Adult Education & Literacy	0.4	0.3	-	-
14 EEE Block Grant	4.3	4.4	4.8	5.4
15 Special Education	105.3	116.1	125.3	135.2
16 Homeowner Rebate (EF portion - 55% of total)	6.8	10.6	19.0	23.9
17 Renter Rebate (EF portion - 70% of total)	4.5	4.7	5.0	5.3
18 Capital Debt	0.5	0.5	0.4	0.3
19 Small Schools	5.2	5.3	5.4	5.5
20 State-Placed Students	11.8	12.5	14.4	15.4
21 Technical Education	9.5	9.8	10.7	11.6
22 Transportation	13.2	13.5	14.0	14.5
23 Reappraisal & Listing (\$7 to \$9.80 per parcel in FY06)	2.3	3.2	3.2	3.2
24 Total Uses	1,074.1	1,146.8	1,220.5	1,296.1
Rate of Growth	.,	6.8%	6.4%	6.29
Fund Balance				
25 Operating Result	(10.6)	(1.1)	20.4	68.8
26 Prior Year Fund Balance	39.5	28.8	27.7	48.1
27 Total Fund Balance	28.8	27.7	48.1	116.9
28 Stabilization Reserve	22.9	26.7	28.1	29.5
Reserve Percent	5.0%	5.0%	5.0%	5.0%
29 Designated Fund Balance	1.8	-	-	-
30 Available for reduction in education tax rates	4.2	0.9	20.0	67.4
Maximum Reserve @ 5.0%	22.9	26.7	28.1	29.5
Minimum Reserve @ 3.5%	16.0	18.7	19.7	20.0

Rutland Herald

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Article published Dec 1, 2005

Tax rates to drop, but bills to rise

MONTPELIER — Most Vermonters will again see a boost in their property tax bills despite a recommendation expected from Gov. James Douglas today to cut the statewide education property tax rate.

The governor's proposed cut in the rates will amount to a 3 percent rate reduction for residential property owners and a 2 percent cut for businesses and second-home owners, marking the third time since Act 68 was passed in 2003 that the state's two-tiered education tax rates have fallen.

But at the same time he is announcing the proposed cuts, the governor will acknowledge that a continued surge in education spending and in real estate values will more than make up for the rate reductions, a situation that will likely force Vermonters to dig deeper to pay for schools in the fiscal year beginning July 1.

"What we're looking at under current law is a 13.5 percent growth in tax burdens and only a 2 or 3 percent cut in the tax rates," said Tom Pelham, the state's tax commissioner who is charged annually with the task of determining the statewide property tax rates. The 13.5 percent growth in tax burdens is the amount by which property values have risen this year, and, without any change in property tax rates, it is the amount by which tax bills would increase next year.

"The administration is not satisfied with that and it is fair to say that the administration will have some proposals to mitigate it," Pelham said.

What those proposals may be was not clear Wednesday, although the governor's spokesman said they would be bold and would seek to give local voters a bigger role in determining their education budgets.

"I certainly don't want to get ahead of the governor, but he will empower local voters with proposals that would return local control to school district voters rather than allow the Legislature and some people in Montpelier to continue to usurp local control," said Jason Gibbs, Douglas' press secretary.

Douglas' specific recommendation today is required under the state's education funding law, because any time the state's education fund is projected to run a surplus, that surplus must be offset by a reduction in tax rates. For the coming fiscal year, the surplus is projected to be about \$19 million, according to figures

from Pelham's office.

As a result, the base statewide rate for resident homeowners will drop from \$1.02 for every \$100 of assessed valuation to 99 cents and the rate for all other property owners to \$1.49.

Tax rates around the state vary considerably, and are driven largely by what each of Vermont's 251 school districts spend for each pupil.

The highest residential rate — \$2.06 — is paid in the Dummerston school district in Windham County, where per-pupil costs are \$13,325. The lowest — \$1.02 — is paid in the dozen or so communities with per-pupil costs lower than \$7,000.

On average, Vermont schools spend almost \$10,000 a year for every enrolled student — the nation's fourth-highest, according to Education Week magazine.

The governor's recommendation is not binding, as the Legislature will set the final rates when it reconvenes in January.

The governor is likely to continue criticizing an education funding scheme that can't seem to reconcile dropping enrollment. Vermont's public schools enrolled more than 101,000 students in 2005, a figure that is expected to drop to 97,620 next year — with increased spending.

One area some critics say needs to be addressed is last year's expansion of who is eligible for so-called tax prebates. That expansion shaved property tax bills for households earning up to \$88,000. In 2008, those eligible for the prebate checks will expand further to households with incomes of \$110,000.

Gibbs did not say if the governor would specifically attempt to roll back the expansion. "Income sensitivity does appear to disconnect local voters from the effects of their votes on Town Meeting Day," he said.

School districts and school boards have for years said they are trying to keep costs under control. Despite those efforts — some districts have tried to freeze spending, lay off teachers or forego capital improvements — education spending in Vermont has risen an average of about 5 percent a year for the last four years.

But voters can still reject budgets at Town Meeting.

"We are really concerned about cost containment," said John Nelson of the Vermont School Boards Association. "But we in Vermont do have a cost-containment system that is almost unique: Every budget is passed by the people who pay the bills. People are deciding their priorities and have opportunities to make determinations about school costs on a very direct level."

Contact Darren Allen at darren.allen@rutlandherald.com.



LIHEAP UPDATE FOR JOINT FISCAL COMMITTEE 11/17/05

Applications received:

Received through 11/15: 25,454 Increase over last year: 3,020 Processed through 11/15: 20,663

Benefit issuance on 11/17/05:

Number of fuel liability households: 10,729
Total disbursement: \$14,631,417
Average benefit: \$1,364

Notices to recipients will be mailed on 11/23.

Another benefit run is planned for 11/29/05 to issue benefits to September applicants plus any August applicants who had outstanding verification requests on 11/15.

Fuel prices:

Туре	10/1/04	10/01/05	11/01/05
#2 Fuel Oil	\$1.77	\$2.60	\$2.48
Kerosene	1.98	2.94	2.88
Propane	1.79	2.25	2.25

Fuel price information as per Dept. of Public Service's Fuel Price Report

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Vermont Medicaid Expenditures and Revenues - State Funds

Assumes FFIS Oct 05 FY07 FMAP estimate for all four yrs

		2006			,	
		Aug-05	2007	2008	2009	2010
Expenditu	ures					
	AHS - CO	\$924,809	\$976,548	\$1,030,842	\$1,088,260	\$1,148,989
	DCF	\$14,979,707	\$16,054,116	\$17,180,261	\$18,386,972	\$19,680,095
	DAIL	\$47,801,830	\$51,424,956	\$55,221,722	\$59,300,240	\$63,681,492
	VDH	\$50,945,838	\$54,823,312	\$59,640,341	\$63,804,271	\$68,265,604
	DOE	\$14,460,593	\$15,445,187	\$15,990,488	\$16,555,110	\$17,139,742
	OVHA	\$271,103,423	\$302,331,944	\$314,435,838	\$338,609,565	\$364,777,066
	TOTAL	\$400,216,199	\$441,056,063	\$463,499,491	\$497,744,417	\$534,692,988
Revenue						
	General Fund	\$210,838,462	\$197,254,160	\$205,144,327	\$213,350,100	\$221,884,104
	Provider Taxes	\$75,412,148	\$79,521,719	\$83,906,281	\$88,584,925	\$93,578,079
	Tobacco Taxes	\$47,400,000	\$46,600,000	\$45,800,000	\$45,000,000	\$44,200,000
	Tobacco Settlement	\$18,850,277	\$18,850,277	\$18,850,277	\$18,850,277	\$18,850,277
	All Other	\$37,735,024	\$38,764,005	\$40,159,288	\$41,615,180	\$43,134,527
	2005 HATF Balance	\$5,394,231				
	TOTAL	\$395,630,142	\$380,990,162	\$393,860,173	\$407,400,482	\$421,646,987
(Deficit) /		(\$4,586,057)	(\$60,065,901)	(\$69,639,318)	(\$90,343,936)	(\$113,046,001)
Cumulativ	ve <mark>(Deficit)</mark> / Surplus		(\$64,651,959)	(\$134,291,276)	(\$224,635,212)	(\$337,681,213)
Estimated	MCO Investments impact 11/18/05	\$19,327,088	\$25,935,753	\$27,232,541	\$28,594,168	\$30,023,876
(Deficit) /	·	\$14,741,031	(\$34,130,148)	(\$42,406,777)	(\$61,749,768)	(\$83,022,125)
	ve (Deficit) / Surplus	Ψ17,771,001	(\$19,389,118)	(\$61,795,894)	,	
Juliali	re (Bellett) / Gui pida	1	(ψ13,303,110)	(\$01,780,094)	(\$123,545,662)	(\$206,567,787)

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From:

Michael Obuchowski

To:

Rebecca Buck

Date:

9/26/2005 1:50:25 PM

Subject:

Re: Questions on JFO #2226 from Rep. Obuchowski

Thanks.

>>> Rebecca Buck 9/26/2005 1:19 PM >>> Good afternoon Ted and Jacinthe--

Rep. Obuchowski has the following questions regarding JFO #2226 (\$350,000 Homeland Security grant for buffer zone protection plans at 7 VT sites):

- 1) What they are doing at these sites?
- 2) Who owns these sites or protected assets in these buffer zones? Why are they not paying for protection of their own assets?
- 3) Are there other sites in VT that should be receiving the same treatment? If so: What are the sites? Where are they located? Are there plans to protect them?
- 4) Also Rep. Obuchowski had a recent conversation with State Auditor Brock in which the Auditor said the Dept. of Public Safety had shown him some homeland security funding that wasn't being spent properly. In light of this recent conversation and in making sure this grant (JFO #2226) is being spent properly, Rep. Obuchowski would like to see a budget for this.

Please cc me on your response to Rep. Obuchowski. Thank you.--Becky

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From:

Michael Obuchowski

To:

Rebecca Buck

Date:

10/3/2005 8:07:54 AM

Subject:

Fwd:

>>> "Chris Reinfurt" <creinfur@dps.state.vt.us> 10/1/2005 8:13 AM >>> Dear Representative Obuchowski,

At the request of Commissioner Sleeper I am responding to your questions in reference to the recently reviewed Homeland Security Buffer Zone Protection Plan Grant (JFO#2226). The Buffer Zone Protection Plan is a special program designed to reduce vulnerabilities of sites designated in each state that meet the criteria set out by the Department of Homeland Security.

The purpose of the plans are to extend a "buffer zone" around the areas designated as critical in each of the states to reduce their vulnerabilities. These seven sites must be crucial in terms of national-level public health and safety, governance, economic and national security and public confidence consequences. The seven sites that meet the criteria set forth by DHS are all privately owned by three corporations but the response to these sites in emergencies fall upon the local communities. It is our intentions to fund the needs of local and state responders to these sites in case of an emergency.

The seven sites include five electrical sub-stations owned by Velco, VY-Yankee, and IBM. Many of these sites are already well protected and need no further upgrades. The responders to these sites have requested equipment in the form of communications (interoperability), bomb mitigation, and other equipment that would enhance their response should an emergency arise at these sites.

There are other important sites that did not fall within DHS' criteria for the BZPP. They include the State Capital, Hospitals, and State, Federal, and local facilities. Many of these sites have upgraded their security through "Regular" Homeland Security Grants, Regular state and local funds, and other Federal Grants such as CDC and HRSA (VDH Grants). The Vermont State Police has also designated other areas in each of the Public Safety Districts as critical areas that need special attention. They may include interstate bridges, dams, Gov't buildings, smaller industries that would have a local impact if attacked. These areas receive no funding but during times of elevation would receive some protection in the form of patrols by local and state police.

The Vermont Homeland Security currently has over 1000 sub-recipients that includes three years of grants. During that time we have found very few problems relating to the management of grants. The majority of the issues relate to small organizations that have never managed grants in the past and have not been able to keep up with the administration of the grant. The HSU has worked with these fire chiefs and ambulance services to educate and support them in these matters. This year a confidential source contacted me in my capacity as a police officer and the Director of HS. The confidential source indicated that they felt that their organization was improperly using HS grants that may rise to a criminal matter but they wanted our review. After reviewing the information and consulting with appropriate federal law enforcement it was felt that the best course of action would be to conduct an audit and if any criminal conduct was discovered an investigation would be requested. At this time I would respectfully request that this matter remain confidential as it is not clear yet if there is any misconduct/criminal intentions.

Should you have any further questions please feel free to contact me. Respectfully. Chris.

Captain Chris Reinfurt Director, Homeland Security Unit Vermont State Police 103 So. Main Street Waterbury, Vt. 05671 (802) 241-5357 (802) 241-5349-fax

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Global Commitment to Health Projection of Additional Federal Support

Projected MCO Investments: First Full Year

\$ 41,439,476

	SF	Y06 (Q2-Q4)	SFY07	SFY08	SFY09	SFY10	5	FY11 (Q1)
Projected MCO Investments	\$	31,079,607	\$ 44,093,426	\$ 46,298,097	\$ 48,613,002	\$ 51,043,652	\$	13,398,959
Annual Growth Rate			5.0%	5.0%	5.0%	5.0%		5.0%
Federal Match Rate		58.49%	58.82%	58.82%	58.82%	58.82%		58.82%
Federal Share (State Savings)	\$	18,178,462	\$ 25,935,753	\$ 27,232,541	\$ 28,594,168	\$ 30,023,876	\$	7,881,267

FY'06 One time

\$ 1,963,799

FFP adjustment

1,148,626

Total

\$ 19,327,088

Five-Year Total

\$138,994,693

NOTE: The FY'06 amount could increase due to Budget Adjustment.

GLOBAL COMMITMENT - TARGETED PROGRAMS FOR MCO INVESTMENTS, FY06

Dept Service FY06 Waiver Parameter Description on how the FY'06 number was developed					
Date Developmental Services Repite funds	Dept	Service	FY06	Waiver Parameter	Description on how the FY'06 number was developed
DALL DS Special Payments for medical services CR Redictal Care for Youth 2,335,495 CR Redictal Care for Youth 2,335,495 CR Ald To The Aged Blind and Disabled ACCS To Mono DEP Aid To The Aged Blind and Disabled ACCS Ald To The Aged Blind and Disabled Redictatid Care Level III 45,000 CR Ald To The Aged Blind and Disabled Redictatid Care Level III 45,000 CR Ald To The Aged Blind and Disabled Redictatid Care Level III 45,000 CR Ald To The Aged Blind and Disabled Redictatid Care Level III 45,000 CR Essential Person Program 707,300 707 708 708 709 709 709 709 7	DAIL	Mobility Training and other services for elderly visually impaired	252,500	QHC for Un, Und, M	State funds to Older Blind Grant less 10% required match
DCF Aid To The Aged Blind and Disabled Access 75,000 QR Cer Un, Und, M 109% of unmatched GF; State is payor of last resort	DAIL	Developmental Services Respite funds	447,605	QHC for Un, Und, M	100% GF; State is payor of last resort
DCF AM To The Aged Blind and Disabled 3,545,922 Alfe To Tu, Und, M 100% GF; State is payor of last resort	DAIL	DS Special Payments for medical services	20,000	QHC for Un, Und, M	100% of unmatched GF; State is payor of last resort
DCF AM To The Aged Blind and Disabled 3,545,922 Alfe To Tu, Und, M 100% GF; State is payor of last resort	DCF	Residential Care for Youth	2,130,450	QHC for Un, Und, M	100% of unmatched GF; State is payor of last resort
OFF Aid To The Aged Billed and Disabbled 3,546,292 QHC for Un, Und, M 100% of state supplemental payment	DCF	GA Medical expenses			100% GF; State is payor of last resort
DCF Alf To The Aged Blind and Disablet Reidential Care Level IV 99,000 ORF for Un, Und, M 100% of unmanched GF; State is payor of last resort	DCF	Aid To The Aged Blind and Disabled	3,546,292		
DCF Alf To The Aged Blind and Disablet Reidential Care Level IV 99,000 ORF for Un, Und, M 100% of unmanched GF; State is payor of last resort	DCF	Aid To The Aged Blind and Disabled ACCS	140,000	QHC for Un, Und, M	100% of unmatched GF; State is payor of last resort
DCF Bestell person Program 707,309 DCF Cer Un, Und, M 100% of smatched GF; State is payor of last resort	DCF	Aid To The Aged Blind and Disabled Residential Care Level III	445,000		
DCF All To The Aged Blind and Disabled Administration 1,414,618 DCF All To The Aged Blind and Disabled Administration 1,414,618 DCF CUPS 10,400, M 100% GF; State is payor of last resort	DCF	Aid To The Aged Blind and Disabled Residential Care Level IV	950,000		
DCF CUPS	DCF	Essential Person Program	707,309		
DCF CUPS	DCF	Aid To The Aged Blind and Disabled Administration	1,414,618		
DCC Intensive Selectian Services 190,000 OHC for Un, Und, M 100% of unmatched GF; State is payor of last resort					
DOC Intensive Substance Abuse Program (ISAP) 200,000 OHC for Un, Und, M 100% GF; State is payor of last resort	DCF	Victims' Medical Services			
DOC Intensive Sexual Abuse Program 190,000 OHC for Un. Und., M 100% GF; State is payor of last resort	DOC	Intensive Substance Abuse Program (ISAP)			
Intensive Domestic Violence Program 80,000 Olf Cor Un, Und, M 100% GF; State is payor of last resort					
Women's Health Program (Tapestry) 487,344 OHC for Un, Und, M 109% GF; State is payor of last resort					
DOE Commanity Habilitative Care 1,792,800 QHC for Un, Und, M 100% GF, adjusted based on staff time study 100% of unmatched GF; adjusted by 62% for uninsured, underinsured & Medicaid-enrolled school children 100% of unmatched GF; adjusted by 62% for uninsured, underinsured & Medicaid-enrolled school children 100% of unmatched GF; adjusted by 62% for uninsured, underinsured & Medicaid-enrolled school children 100% of unmatched GF; adjusted by 62% for uninsured, underinsured & Medicaid-enrolled school children 100% of unmatched GF; adjusted by 62% for uninsured, underinsured & Medicaid-enrolled school children 100% GF; State is payor of last resort 100H alDS services 250,000 QHC for Un, Und, M 100% GF; State is payor of last resort 100H Tobacco Cessation 333,441 PH for M Actual costs, adjusted by 21% for Medicaid-enrollees 100H Psyciain/Dentits Ioan repayment/forgiveness 620,000 QHC for Un, Und, M 100% GF; State is payor of last resort 100H Substance Abuse Treatment 1,797,336 QHC for Un, Und, M 100% GF; State is payor of last resort 1,797,340 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Emergency Mentai Health for Children and Adults 1,949,199 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Respite Services for Youth with SED and their Families 424,581 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Mental Health Outpatient Services for Adults 1,135,741 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Mental Health Consumer Support Programs 557,442 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Mental Health Consumer Support Programs 557,442 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Mental Health Consumer Support Programs 557,442 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Mental Health Consumer Support Programs 557,444 QHC for Un, Und, M 100% of unmatched GF; State is payor of last resort 100H Mental Health					
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	DOH	Area Health Education Center (AHEC)	76,000	QHC for Un, Und, M	

GLOBAL COMMITMENT - TARGETED PROGRAMS FOR MCO INVESTMENTS, FY06

Dept	Service	FY06	Waiver Parameter	Description on how the FY'06 number was developed
OVHA	QI1 Eligible Beneficiary Part B Premium	581,976	QHC for Un, Und, M	6 months at 100% GF; State is payor of last resort
HCA	Health System Management	1,507,563	QHC for Un, Und, M	Actual costs, adjusted by 38% for uninsured, underinsured and Medicaid-enrollees
VSC	Allied Health Education (dental hygienist, LPN)	377,540	QHC for Un, Und, M	100% GF, adjusted by 38% for uninsured, underinsured and Medicaid-enrollees
				College of Medicine GF grant, adjusted by 38% for uninsured, underinsured and
UVM	UVM Medical School grant	3,730,761	QHC for Un, Und, M	Medicaid-enrollees
Vets	Veterans' Home	996,000	QHC for Un, Und, M	100% GF; State is payor of last resort
	Total	41,439,476		

ONE-T	TIME FY'06 COSTS			
OVHA	VSCRIPT Expanded	1,602,799		Estimated costs for 2nd quarter of FY06; one-time claim only
				100% GF FY'06 one-time appropriation, adjusted by 38% for uninsured,
State	Vermont Information Technology Leaders (VITL)	266,000	QHC for Un, Und, M	underinsured and Medicaid-enrollees
				100% GF FY'06 one-time appropriation, adjusted by 38% for uninsured,
DOH	Area Health Education Center (AHEC)	95,000	QHC for Un, Und, M	underinsured and Medicaid-enrollees

Total One-Time 1,963,799

Key for Parameters

Un, Und = Reduce rate of Uninsured, Underinsured

QHC for Un, Und, M = Increase access to Quality Health Care for Uninsured, Underinsured, & Medicaid Beneficiaries

PH for M = Public Health Approaches to Improve Health Outcomes for Medicaid eligibles

PP Partners = Formation and maintenance of public-private partnerships

MCO Investments: Areas for Further Research

- First Responders (EMTs)
- ❖ Foster Child Rehab Services
- Custodial Care Family Home
- Custodial Care Another's Household
- ❖ Other Disease Prevention initiatives
- Gambling Addiction Treatment
- ❖ Food and Lodging: Health Inspections
- Water Quality Funding
- Town Health Officer Support
- Chief Medical Examiner
- * Radiation Inspection
- ❖ Vital Records
- Existing State Tax Deductions for Health Care / Health Insurance
- Health Provider Education

GLOBAL COMMITMENT Description of Programs for MCO Investment, FY06

Department of Aging and Independent Living

Mobility Training and other services for elderly visually impaired

Provides specialized Independent Living services to people over the age of 55. Medically related services include: low vision evaluations; low vision devices; rehabilitation services; orientation and mobility, and Braille instruction.

Developmental Services Respite funds

Comparable to respite/goods under the existing Vermont Medicaid MR/DD Waiver respite

DS Special Payments for medical services not covered by XIX

Pays for dental services, adaptive equipment and other ancillary services not covered by

Department For Children and Families

Residential Care for Youth

Residential care for youth in need of intensive behavioral health services.

GA Medical expenses

The GA medical expenditures include items, services and prescription drugs that are necessary to meet emergency medical needs and specified services and items related to vision and dental needs. An emergency medical need is a need attributable to a medical condition characterized by acute symptoms of sufficient severity that one could reasonably expect the absence of medical attention to result in serious jeopardy to the health of the individual, serious impairment to bodily functions, or serious dysfunction of the bodily organ or part. An emergency medical need for vision is a service or item that aids convalescence from eye surgery, prevents blindness or further deterioration of eyesight, averts risk of physical injury, or allows an individual to continue education or employment. Emergency medical needs for dental services are those necessary to relieve pain, bleeding, or infection. Prescribed drugs are those drugs that are not on the departments list of non-emergency drugs and fulfill the requirements of the pharmacy best practices and cost control program.

Aid To The Aged Blind and Disabled

State law specifies that eligible recipients must receive a subsistence amount compatible with decency and "health." 33 VSA §1301; receipt of state supplement yields categorical eligibility for Medicaid; the majority of recipients are disabled and have significantly greater health risks than other impoverished groups served by public assistance; the AABD benefit provides an additional resource individuals may use to meet health care needs that are not covered by Medicaid. Amount does not inloude the amount paid to beneficiaries that is required for States to maintain their eligibility for Medicaid federal matching funds (MOE).

Aid To The Aged Blind and Disabled Assisted Community Care Services

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including nursing overview and medication management. (33 VSA §7101(A))

Aid To The Aged Blind and Disabled Residential Care Level III

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including nursing overview and medication management. (33 VSA §7101(A))

Aid To The Aged Blind and Disabled Residential Care Level IV

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including medication management. (33 VSA §7101(B))

Essential Person Program

Costs associated with providing assistance to a spouse to support the independent living of his or her partner. Individuals must be providing at least one medically necessary service to be eligible for this subpart of the AABD program.

Aid To The Aged Blind and Disabled Administration

Payments to Social Security Administration for AABD eligibility determination and benefit delivery.

CUPS

Direct services for parents with children ages 0 to 6 with behavioral ehalth needs not covered by traditional Medicaid, and consultation services to child care providers to address the needs of children with behavioral health issues.

Victims' Medical Services

State funds for victims' medical services not covered by other payors.

Department of Corrections

Intensive Substance Abuse Program (ISAP)

A community-based treatment program intended for offenders whose crimes are non-violent and related to their substance abuse. All programs are approved by, and meet the standards of, the Alcohol & Drug Abuse Programs Division of the VT Health Department (ADAP). This includes use of the DSM-IV Substance Use Criteria, the American Society of Addiction Medicine's Patient Placement Criterion and approved clinical assessment instruments. Treatment includes an intensive phase (minimum six month, 3 session's week) and an aftercare phase (3 months 1 session/week). The sessions are led by fully licensed or certified Substance Abuse Counselors and are often cofacilitated by trained DOC staff members who are often credentialed themselves.

Intensive Sexual Abuse Program

This is a community based treatment program using cognitive-behavioral interventions in a group therapy format to eliminate sexual offending behavior. The program is delivered by mental health professionals under contract to the Department of Corrections. Supervision by DOC staff is closely coordinated with treatment that is provided.

Intensive Domestic Violence Program

This community-based program is for men convicted of acts of domestic violence. The program focuses on the elimination of violence and controlling behavior; increasing offender responsibility and empathy using insight based, anger management and cognitive behavioral interventions, and a variety of skill building strategies in order to gain an understanding of their abusive behavior, its impact and self change

Women's Health Program (Tapestry)

This program is a 6-12month residential treatment program that assesses and addresses each woman's overall behavioral, medical and psychiatric needs. Tapestry has a program RN and psychiatric services on site, the Program Director is a LICSW, LADC. 98% of all women admitted to Tapestry have significant medical and/or mental health problems needing ongoing treatment and monitoring by

Community Habilitative Care

Counseling, co-facilaition of treatment programs and case management for offenders in the community who have mental health and or substance abuse disorders.

Department of Education

Act 504 - Health Servcies

School-based assistance to meet the needs of students who have a physical or mental impairment that substantially limits one or more major life activities, but whom do not meet the eligibility criteria for, or choose not to access, the Individualized Education Program (IEP).

School Nurses

Proportion of health care services provided by school nurses not currently reimbursed by EPSDT.

Department of Health

AIDS Services

HIV Case Management—These funds provide the infrastructure, specifically AIDS service organization personnel costs, to link persons living with HIV/AIDS to primary care and other related services (e.g., dental care, substance abuse and mental health counseling services).

TB Medical Services

Pursuant to Vermont Statutes found in Title 18, Chapter 21, the TB program provides for the treatment and care of all persons afflicted with TB. As outlined in the statutes, care may include examination of all individuals suspected of TB or individuals in contact with a diagnosed case of active TB, hospitalization of persons diagnosed with active TB disease, and re-evaluation and re-examination of both individuals diagnosed with active TB disease and latent TB infection. Treatment and care are funded with state dollars.

Tobacco Cessation

Tobacco is the leading cause of preventable death in Vermont, causing about 800 deaths each year. Treating smoking-related illness in Vermont costs \$182 million each year, \$56 million of which are Medicaid expenditures. The Health Department's multi-faceted program to reduce the use of tobacco among Vermonters, with special emphasis on discouraging young people from starting to smoke, includes: community-based programs; media and public education programs; surveillance and evaluation activities; and tobacco cessation programs. The latter includes the Vermont QuitLine (1-877-YES-QUIT), a 24-hour toll-free hotline that provides counseling and referrals to those who want to quit; regular community quit smoking classes and individual counseling held throughout the state in each of Vermont's 14 hospitals; the QuitBucks program providing free or discounted nicotine replacement therapy to all adult smokers; education for dental health providers to improve smoking cessation education and referrals for their patients; and the American Lung Association's Not-On-Tobacco (NOT) teen cessation program in schools.

Family Planning

Family Planning services as funded by state and federal funds support the following clinical services: gender appropriate clinical exams including – medical and social history, height and weight, urinalysis, pelvic exam, breast exam, testicular exam, screening and treatment for sexually transmitted diseases, identification and treatment/referral for general health conditions, follow up for reproductive health conditions, provision/education around appropriate contraceptive methods, information and referral for fertility related problems, fertility related counseling, pregnancy testing and counseling, client support and education.

Physican/Dentist loan foregiveness

Vermont is the second most rural state in the country with a high proportion of Medicaid eligible, low provider Medicaid payments, and comparatively high provider participation and medical/dental service levels, which could quickly erode without interventions to support that participation. A key to that participation are the funds that encourage providers to come and stay in practice in Vermont. The loan repayment program is an important recruitment and retention program for medical and dental providers to continue to deliver services to low income and underserved populations in Vermont.

Substance Abuse Treatment

Substance abuse treatment includes outpatient, intensive outpatient, residential, detoxification and pharmacological treatment services. The need for these services is determined by a comprehensive clinical assessment done by a licensed substance abuse counselor. In the case of pharmacological treatment, a physician must be involved in determining recommendations for a course of treatment. Diagnosis is based on definitions found in the 4th edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV). (Definitions in this manual is also used by mental health professionals.) The clinical assessment determines the diagnosis and the treatment that is medically necessary based on guidelines from the American Society of Addiction Medicine. NOTE: This program is charged to the federal SAPT Block Grant. The Block Grant requires no match but it does mandate some level of state-funded Maintenance of Effort and permits the use of the state share of Medicaid funds as the MOE.

Recovery Centers

The Department of Health provides funds that are used to develop and operate recovery centers. However, it does not do this on a fee-for-service basis as is the case for substance abuse treatment. Although recovery services in Vermont are not seen as a medical service, drug and alcohol professionals recognize the importance of these services in supporting treatment services through ongoing social supports and relapse prevention. Research has shown that long term success of patients is related to having these services in place to support people in their community during and after their episode of treatment.

Emergency Mental Health for Children and Adults

24/7 triage, assessment, mobile outreach, short-term family stabilization, and referral and screening for hospitalization for children, youth, families and adults experiencing a mental health crisis. In most areas, these services are closely linked to local community hospital emergency departments. In a few areas, hospital diversion programs, community respite beds and crisis respite services are also

Respite Services for Youth with Severe Emotional Disturbances and their Families

Relief of primary caregivers, comparable to existing Vermont Medicaid Waiver respite

Mental Health Special Payments for medical services

Pays for dental services, eye glasses, adaptive equipment and other ancillary services not covered by Medicaid.

Mental Health Outpatient Services for Adults

Includes mental health assessment, individual and group counseling, case management, medication management, care coordination and outreach supports for adults who have a wide range of problems that are life-disrupting, and sometimes temporarily disabling. Typical characteristics of consumers include: poverty, unemployment, high arrest rates, substance abuse, disabling depression and/or traumatic experiences, and suicidal tendencies.

Mental Health Elder Care

This joint initiative of DDMHS and the Department of Aging and Disabilities funds mental health staff to work with local communities' elders' services network to identify, assess and treat the mental health needs of elders.

Mental Health Consumer Support Programs

Support for consumer and family organizations, which operate telephone and e-mail support service, assistance and referral, self-help, peer recovery support services, and education about mental illness.

Mental Health CRT Community Services

CRT programs offer a comprehensive range of mental-health supports and services for adults with diagnoses of major mental illnesses such as schizophrenia, bipolar disorder, major depression, and certain other serious thought or mood disorders. Approximately 3,200 adults, or 25 percent of the estimated need, are currently enrolled in CRT.

Mental Health Children's Community Services

Children's Services programs offer a wide array of community-based services and supports, often in collaboration with other state agencies, to assure timely access to effective prevention, early intervention, and behavioral health treatment and supports through a family-centered, multidisciplinary system of care. The programs are designed to serve children and adolescents from birth to eighteen years of age (and, in some cases, until a youth's twenty-second birthday), and their families.

Emergency Medical Services

Responsible for standard setting, regulation and planning for Statewide Emergency Medical Services systems, training, technical assistance, and program development for local services, and for licensing and certification of all personnel and emergency equipment.

Chronic Disease Epidemiology

Studies the prevalence and patterns related to chronic diseases not covered by specific federal grants. Develops approaches for prevention, intervention, early detection and treatment of chronic diseases; conducts epidemiologic studies including monitoring, surveillance, and control of chronic diseases and disabling conditions.

Health Research and Statistics

Collection and analysis of data to determine the health status, morbidity, and mortality of Vermont's population. Data are made available to the public and are used extensively by a variety of health and human service programs at the state and community levels.

Public Health Laboratory

The non-federal costs of running the public health laboratory, which identifies disease-causing agents in specimens from human, animal, and environmental sources. Identifies the presence of drugs and lead in clinical samples, toxins in environmental samples, and harmful contaminants in drinking water. Tests environmental samples for the presence of radiation including radon. Analyzes breath and blood samples for alcohol content and provides technical support to the infrared breath testing programs used by law enforcement officers and courts in the prosecution of drivers accused of being legally intoxicated.

Renai Disease

Support for patients undergoing renal dialysis.

Newborn Screening

Lab tests on the blood of virtually every Vermont newborn for early identification of a wide variety of genetic conditions such as PKU.

Blueprint for Health

A statewide project to advancie innovative solutions and provide support to help doctors and patients effectively manage chronic disease.

AHEC

State funds provided to the statewide network of community and academic partners working together through three AHEC centers and a Program Office to improve the health of Vermonters. Through community-based initiatives, Vermont AHEC works to promote rural health educational opportunities and address health care workforce challenges unique to specific areas of the state.

OVHA

QI1 Eligible Beneficiary Part B Premium

State funded payment of Part B Medicare premium for 1,096 individuals between 100 - 120 % FPL that are above the allotment for federal reir

VSCRIPT Expanded

Offers benefits to low-income seniors and disabled with incomes of 175 - 225% of FPL. Cannot be used after January, 2006.

Health Care Authority

Health System Management

The HCA offers a range of consumer assistance regarding health care, including educational publications, lists of carriers and rates, complaint resolution services, and external appeals of denial of benefits; reviews insurance policies and proposed health insurance premium rates in the private health insurance market in Vermont; oversees a program in consumer protection and quality assurance in managed care plans; administers the annual binding budget program for all Vermont hospitals in an effort to monitor and control increases in hospital costs; ensures that licensed health care facilities and services are necessary, non-duplicative and distributed fairly throughout the state; administers or directs the creation of numerous health care databases to support analyses of Vermont health care expenditures; and works with health care professionals in Vermont and regionally to continuously improve the quality of health care throughout the health care system serving all Vermonters.

VSC

Allied Health Education (dental hygienist, LPN)

State funds provided to Vermont State College to train dental hygienist and LPNs.

UVM

UVM Medical School Grant

State funds to the Medical School to train medical professionals.

Veterans' Home

State funds to cover medical services not covered by other payors.

State

Vermont Information Technology Leaders (VITL)

State funds to assit the VITL organization to implement an health information infrastructure for data sharing.

7



PHONE: (802) 828-2295 FAX: (802) 828-2483

Joint Fiscal Committee Nov. 17th Meeting

Global Commitment Attachments

1	Memo from administration re: Delay of actuary certified premium information
2	Cover memo from Susan Besio
3	Draft of the acceptance letter from AHS to CMS
4	CMS Structure and Operations Standards
5	Targeted MCO Investments
6	Memo From Susan Harritt – Attorney Review of Waiver Documents

September 30th JFC Motion of Contingent Approval

MEMORANDUM

TO: Representative Martha Heath, Chair, Joint Fiscal Committee

Senator Susan Bartlett, Vice-Chair, Joint Fiscal Committee

FROM: Joshua Slen, Director, Office of Vermont Health Access

Susan Besio, Director of Planning, AHS

DATE: November 8, 2005

SUBJECT: Status of Actuarial Certification process for Global Commitment to

Health Waiver

As noted in our October 26, 2005 memo, we originally expected that the actuarial certification process for the premium range amounts would be completed by November 15. However, since that time, we have been notified by the actuarial firm that they need a few more days to complete their analyses. We now have confirmation from the actuarial firm that we will have a completed report ready to distribute to you no later than close of business on Tuesday, November 22.

As such, we would like to request that the Joint Fiscal Committee schedule a meeting the week of November 28 to review the premium information. We are prepared to discuss all other aspects related to the approval contingencies at your November 17 meeting, if that is desirable.

Thank you for your consideration.

cc: Senator Jeanette White, Chair, Health Access Oversight Committee Representative Ann Pugh, Vice-Chair, Health Access Oversight Committee Michael K. Smith, AHS Secretary



OFFICE OF THE SECRETARY TEL: (802) 241-2220 FAX: (802) 241-2979

MICHAEL K. SMITH, SECRETARY

STATE OF VERMONT AGENCY OF HUMAN SERVICES

MEMORANDUM

TO:

Representative Martha Heath, Chair, Joint Fiscal Committee

Senator Susan Bartlett, Vice-Chair, Joint Fiscal Committee

FROM:

Susan Besio, Director of Planning, AHS

Joshua Slen, Director, Office of Vermont Health Access

DATE:

November 9, 2005

SUBJECT:

Materials Related to the Contingencies for Final Approval of

the Global Commitment to Health 1115a Medicaid Waiver

Enclosed please find the following documents related to Contingencies 1, 3, 4 and 5 of the September 30, 2005 Joint Fiscal Committee:

(1) Complete demonstration provisions furnished. That a complete and comprehensive listing and description of all the provisions of the Demonstration Waiver agreement be prepared and included in the letter of acceptance to CMS by the Office of Vermont Health Access (OVHA) and provided to the Joint Fiscal Committee, comparing the original proposal for the Demonstration Waiver Program with the outcome of the negotiations with CMS; and that the Joint Fiscal Committee finds that these final provisions are in accord with the terms and conditions presented to the Joint Fiscal Committee as the basis for its contingent approval.

Enclosures: Enclosed is a draft acceptance letter which contains the required clarifications. It is our understanding that the intent was not to provide a word for word comparison with the original proposal, but rather to ensure that major concepts, operating principles and parameters associated with the approved Waiver were clearly articulated in writing to CMS. The Joint Fiscal Office has worked collaboratively with us on the draft letter. The draft also has been reviewed by Health Management Associates, and they have indicated that it addresses the documentation concerns they raised in their review of the Waiver. We also are sending the draft today to the Medicaid Advisory Board to solicit feedback. At the November 17 Joint Fiscal Committee meeting, we will summarize the feedback we receive and provide a final draft, if necessary. Also, because the letter references federal regulation 42 CFR 438.214, we have enclosed this citation.

(2) Final premium amounts determined to be sufficient. That OVHA present to the Joint Fiscal Committee the final premium amounts adopted by the Agency of Human Services (AHS) upon actuarial certification, and that the Joint Fiscal Committee finds that such amounts are sufficient to support the Demonstration Waiver Program, including the state's current Medicaid and expansion programs.

<u>Status</u>: As noted in our November 8 memo to you, we will have the actuarial analyses to you no later than the close of business on Tuesday, November 22.

(3) Agreement regarding future years' premiums. That AHS work with CMS regarding the criteria utilized in future waiver years in order to ensure that future premiums will not be negatively affected by successful cost savings efforts achieved by the state, and that OVHA report to the Joint Fiscal Committee and the Health Access Oversight Committee on the status and provisions of any agreement reached.

Enclosure: The enclosed draft Acceptance Letter includes language that confirms that MCO investments may be included in the actuarial certification process in future years.

(4) MCO Savings Identified. That OVHA present to the Joint Fiscal Committee a list of criteria and an updated list of MCO targeted health care investments which support the administration's recommendation that the financial value of the Demonstration Waiver program to the state is within the range of \$135 million to \$165 million.

Enclosures: Enclosed is a legal-sized document that provides the current list of the targeted programs for MCO investments, the GF dollar amounts associated with each program, the Waiver parameter under which it is eligible for MCO investment, and a description of how the GF amount was derived. Also enclosed is a second document that provides a description of each program on the list. As you can see, the total GF associated with these programs is \$48,747,311. Below is a table which indicates the projected financial value of these programs. As you can see, the projected five-year value is \$158,264,275. Please note that the amounts on this list will change as the FY'06 Budget Adjustment and FY'07 Budget Appropriation processes unfold.

Projected MCO Investments: First Full Year \$ 48,747,311

	SFY06 (Q2-Q4)	SFY07	SFY08	SFY09	SFY10	SFY11 (Q1)
Projected MCO Investments	\$36,560,483	\$51,184,677	\$53,743,910	\$56,431,106	\$59,252,661	\$15,553,824
Annual Growth Rate		5.0%	5.0%	5.0%	5.0%	5.0%
Federal Match Rate	58.49%	58.82%	58.32%	57.82%	57.32%	56.82%
Federal Share (State Savings)	\$21,384,227	\$30,106,827	\$31,343,449	\$32,628,465	\$33,963,625	\$8,837,683

Five-Year Total

\$158,264,275

(5) Attorney General Review. That the Attorney General review as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration waiver program.

<u>Status:</u> Susan Harritt, the Chief AAG for AHS, and Michael McShane of the Attorney General's Office, have reviewed the following documents as to form:

- the Special Terms and Conditions (STC)
- the Intergovernmental Agreement (IGA) between AHS and OVHA
- a letter from Mark McClellan, M.D., Centers for Medicare and Medicaid Services (CMS) to AHS Secretary Michael Smith, date stamped September 27, 2005;
- a letter from Richard R. McGreal, Acting Associate Regional Administrator, CMS, to AHS Secretary Michael Smith, dated September 29, 2005; and
- the Waiver and Expenditure Authorities, including the STC, for Vermont's Global Commitment to Health, Section 1115 Demonstration.

There are no other legal documents regarding the demonstration waiver program at this time. Enclosed is a memo from Ms. Harritt and Mr. McShane regarding their review.

cc: Senator Jeanette White, Chair, Health Access Oversight Committee Representative Ann Pugh, Vice-Chair, Health Access Oversight Committee Secretary Michael K. Smith, Agency of Human Services

DRAFT

Date

Dr. Mark B. McClellan, M.D., Ph.D Administrator Centers for Medicare and Medicaid Services Mail Stop C5-11-24 – Central Building – Room C5-25-25 7500 Security Boulevard Baltimore, MD 21244-1850

Dear Dr. McClellan:

I am writing to formally accept the Special Terms and Conditions of the recently approved Global Commitment Section 1115 Demonstration Waiver, with an effective start date of October 1, 2005. We sincerely appreciate the time and dedication of CMS staff in the development of this innovative program. We believe that the Demonstration will enable us to better serve Vermonters through more effective use of state and federal resources.

Under the Global Commitment to Health Waiver, Vermont will demonstrate its ability to promote universal access to health care. Subject to the availability of state funds, authorization of the Vermont legislature and compliance with the Demonstration's Special Terms and Conditions, the Demonstration will enable the State to develop health care initiatives to improve the access to and quality of health care services received by the uninsured and underinsured Vermonters.

Vermont's Waiver Proposal, submitted April 15, 2005, identified the State's goals and objectives; described examples of innovative programs that might be implemented in order to more effectively and efficiently meet Vermonters' health needs; and provided assumptions regarding program design.

During the course of extensive collaboration and negotiation with CMS, Vermont's goals and objectives for the Demonstration continued without change. Through collaboration with CMS, we refined the program design and operational parameters to better meet both state and federal policy and fiscal objectives. Therefore, the final parameters under which the State will operate are defined by are Special Terms and Conditions. These include the following:

- Per the Special Terms and Conditions, should the state of Vermont elect to implement any of the innovative features outlined in its waiver proposal in accordance with any directive of the state legislature, the state will seek approval from the Centers for Medicare and Medicaid Services (CMS) to do so. Examples of innovative features that require further development, authorization by the Vermont Legislature and CMS approval include the following:
 - Premium subsidies for Employer-Sponsored Insurance or other forms of "wrap-around" for available employer insurance
 - Health Savings Accounts

Draft Global Commitment Acceptance Letter November 9, 2005 Page 2 of 3

- The Office of Vermont Health Access (through the Agency of Human Services) will be serving as the public MCO for the demonstration program. OVHA will provide services in accordance with the managed care provisions of the Balanced Budget Act of 1997. The MCO premium rate will be based on covered benefits and eligibility, will be actuarially certified and approved by CMS. The MCO will have broad expenditure authority, subject only to the limitations specified in section 40 of the Special Terms and Conditions and MCO payment restrictions identified in 42 CFR 438.214.
- Changes in eligibility criteria and the scope of benefits provided under the Vermont
 Medicaid program, including this demonstration waiver, will be determined by the Vermont
 Legislature. Changes also must be approved by CMS if required by the Special Terms and
 Conditions. However, eligibility expansions may be implemented under section 40 of the
 Special Terms and Conditions without CMS approval.
- The payment rate in the IGA between the AHS and MCO can be altered during the agreement year, as long as the revised rate is within the actuarially certified rate range.
- As is permitted by the CMS capitation checklist and the actuary practice guidelines for Medicaid rate-setting, MCO investments may be included in the subsequent years' actuarial certification process to set the range of rates for AHS payment to the MCO, to the extent that such investments demonstrate cost savings for Medicaid-eligible service categories.
- The budget neutrality terms rely on historical expenditures and current federal projections of program growth. The State may be required to seek re-negotiation of the budget neutrality terms if an unforeseen event occurs during the course of the Waiver term, such as a major economic downturn or catastrophic event (e.g., epidemic, natural disaster or terrorist action).
- Consistent with the Global Commitment Special Terms and Conditions, Vermont intends to continue to operate the Vermont Health Access Program (VHAP) through the MCO, including VHAP- Uninsured, VHAP Pharmacy, VScript and PCPlus Programs. However, such services will be provided under the authority of the Section 1115a Global Commitment waiver rather than the authority of the former Section 1115a VHAP waiver. Program eligibility criteria and benefits will remain unchanged unless directed by the Vermont Legislature and by CMS, as required by the Special Terms and Conditions. Existing federal authority and state administrative rules associated with the former VHAP waiver that are not included in, and do not conflict with, the section 1115a Global Commitment waiver will remain in effect.
- Vermont intends to continue to offer the following home and community based (HCBS) services under the Global Commitment Waiver: developmental services, severe emotional disturbance and traumatic brain injury waivers. However, such services will be provided under the authority of the 1115a Global Commitment waiver rather than the authority of Section 1915c waivers. HCBS program eligibility criteria for people eligible under the

Draft Global Commitment Acceptance Letter November 9, 2005 Page 3 of 3

former developmental services, severe emotional disturbance and traumatic brain injury waivers will remain unchanged unless modified through a formal process with stakeholders. The eligibility criteria for these 1915c waiver programs will be defined in the Intergovernmental Agreements between the MCO and the departments that administer these programs. The State does not need to submit any additional reports to CMS for these 1915c waivers for services paid after September 30, 2005.

Legislative approval of the final waiver program is contingent upon a determination by the legislature that the final premium amounts are sufficient to support the program. Such sufficiency shall be based on the actuarial certification of the rates to be paid to OVHA by an independent actuary coupled with acceptance by the Joint Fiscal Committee that such amounts are sufficient to support the Demonstration program, including the state's current Medicaid and expansion programs.

Sincerely,

Michael K. Smith, Secretary State of Vermont Agency of Human Services



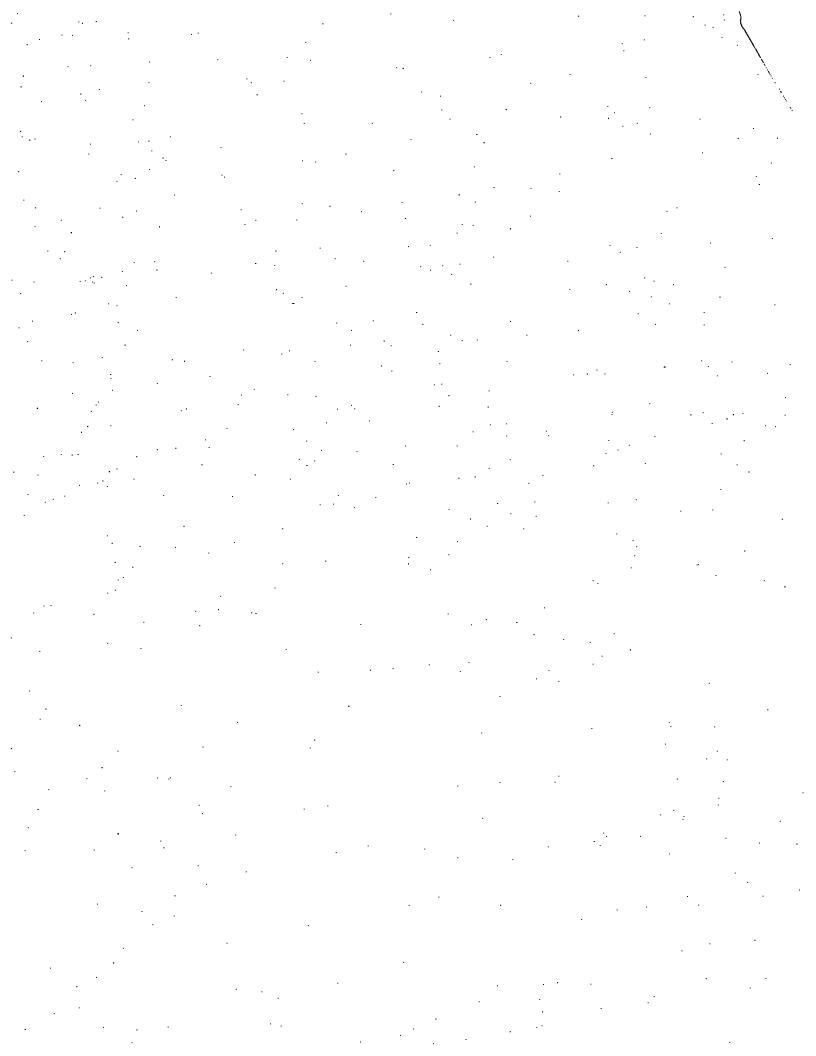
Centers for Medicare & Medicaid Services, HHS § 438.214

STRUCTURE AND OPERATION STANDARDS

§ 438.214 Provider selection.

- (a) General rules. The State must ensure, through its contracts, that each MCO, PIHP, or PAHP implements written policies and procedures for selection and retention of providers and that those policies and procedures include, at a minimum, the requirements of this section.
- (b) Credentialing and recredentialing requirements.
 - (1) Each State must establish a uniform credentialing and recredentialing policy that each MCO, PIHP, and PAHP must follow.
 - (2) Each MCO, PIHP, and PAHP must follow a documented process for credentialing and recredentialing of providers who have signed contracts or participation agreements with the MCO, PIHP, or PAHP.
- (c) Nondiscrimination. MCO, PIHP, and PAHP provider selection policies and procedures, consistent with § 438.12, must not discriminate against particular providers that serve high-risk populations or specialize in conditions that require costly treatment.
- (d) Excluded providers. MCOs, PIHPs, and PAHPs may not employ or contract with providers excluded from participation in Federal health care programs under either section 1128 or section 1128A of the Act.
- (e) State requirements. Each MCO, PIHP, and PAHP must comply with any additional requirements established by the State.

[67 FR 41095, June 14, 2002; 67 FR 54532, Aug. 22, 2002]



lept	Service	FY06	Waiver Parameter	Description on how the FY'06 number was developed
AIL	Mobility Training and other services for elderly visually impaired	250,000	QHC for Un, Und, M	State funds to Older Blind Grant less 10% required match
AIL	Developmental Services Respite funds	447,605	QHC for Un, Und, M	FY'05 Actuals
AIL	DS Special Payments for medical services not covered by XIX	20,000	QHC for Un, Und, M	FY'05 Actuals
CF	Residential Care for Youth	2,130,450	QHC for Un, Und, M	FY'05 Actuals
CF	GA Medical expenses	750,000	QHC for Un, Und, M	FY'05 Actuals
CF	Aid To The Aged Blind and Disabled	3,546,292	QHC for Un, Und, M	FY'05 Actuals
CF	Aid To The Aged Blind and Disabled ACCS	145,000	QHC for Un, Und, M	FY'05 Actuals
CF	Aid To The Aged Blind and Disabled Residential Care Level III	445,000	QHC for Un, Und, M	FY'05 Actuals
CF	Aid To The Aged Blind and Disabled Residential Care Level IV	950,000	, ,	FY'05 Actuals
CF	Essential Person Program	1,414,618	QHC for Un, Und, M	FY'06 GF appropriation
CF	CUPS	612,000	QHC for Un, Und, M	FY'05 Actuals
OC.	Intensive Substance Abuse Program (ISAP)	200,000	QHC for Un, Und, M	FY'05 Actuals
OC	Intensive Sexual Abuse Program	190,000	QHC for Un, Und, M	FY'05 Actuals
юс	Intensive Domestic Violence Program	80,000	QHC for Un, Und, M	FY'05 Actuals
юс	Women's Health Program (Tapestry)	487,344	QHC for Un, Und, M	FY'05 Actuals
OC	Community Habilitative Care	1,837,500	QHC for Un, Und, M	Average of actual expenditure history
OE	Act 504 - Health Services	2,298,292	QHC for Un, Und, M	Estimated amount of health care services provided in FY05
OE	School Nurses	7,205,255	QHC for Un, Und, M	Estimated amount of unmatched health care services provided in FY05
ЮН	AIDS Services	250,000		FY'06 GF appropriation
ЮН	TB Medical Services	35,780	QHC for Un, Und, M	FY'05 Actuals

1,027,987

300,872

620,000

345,000

1,949,199

424,581

91.199

1,136,741

57,262

557,744

1,233,148

1,797,336

GLOBAL COMMITMENT - TARGETED PROGRAMS FOR MCO INVESTMENTS, FY06

Physician/Dentist loan repayment/forgiveness

Mental Health Outpatient Services for Adults

Mental Health Consumer Support Programs

Mental Health CRT Community Services

Emergency Mental Health for Children and Adults

Respite Services for Youth with SED and their Families

MH Special Pymts for med. services not covered by XIX

HOC

ЮН

OH

OH

ЮН

HOC

HOC

DOH

DOH

DOH

Tobacco Cessation

Substance Abuse Treatment

Mental Health Elder Care

Family Planning

Recovery Centers

Tobacco Settlement funds appropriated for tobacco control less amount used for match x 56.3% (estimated number of the general population at/below 300% of FPL).

Estimated total FY'06 payments less amounts claimed against Medicaid, other federal

Estimated total FY'06 payments less amounts claimed against Medicaid.

Estimated total FY'06 paymentsless amounts claimed against Medicaid.

FY'06 GF portion of services under SAPT Block Grant

PH for M

QHC for Un, Und, M

OHC for Un, Und, M

QHC for Un, Und, M

FY'06 GF appropriation

grants.

	GLOBAL COMMITMENT - TARGETED PROGRAMS FOR MCO INVESTMENTS, FY06								
ept	Service	FY06	Waiver Parameter	Description on how the FY'06 number was developed					
ЮН	Mental Health Children's Community Services	774,774	QHC for Un, Und, M	Estimated total FY'06 payments less amounts claimed against Medicaid, other federal grants.					
	Emergency Medical Services	50,000	QHC for Un, Und, M	Estimated total FY'06 payments less amounts claimed against Medicaid, SCHIP, other federal grants.					
ЮН	Chronic Disease Epidemiology	4,765	PH for M	Estimate of FY'06 costs, less federal PHHS Block receipts					
ЮН	Health Research and Statistics	156,272	PH for M	FY05 actual costs x 56.3% (estimated number of the general population at/below 300% of FPL).					
ЮН	Health Laboratory	1,391,318	PH for M	FY05 actual costs x 56.3% (estimated number of the general population at/below 300% of FPL).					
ЮН	Renal Disease	26,642	QHC for Un, Und, M	FY'05 Actuals					
ЮН	Newborn Screening	443,167		FY'05 actual costs coded to non-federal lab program codes					
ICA	Health System Management	3,967,271	QHC for Un, Und, M	FY06 amount budgeted					
DVHA	VSCRIPT Expanded	8,103,370	QHC for Un, Und, M	FY'05 Actuals					
'SC	Allied Health Education (dental hygienist, LPN)	993,527		FY06 amount budgeted					
	Total	48,747,311							

Cey for Parameters

Jn, Und = Reduce rate of Uninsured, Underinsured

2HC for Un, Und, M = Increase access to Quality Health Care for Uninsured, Underinsured, & Medicaid Beneficiaries

'H for M = Public Health Approaches to Improve Health Outcomes for Medicaid eligibles

^{&#}x27;P Partners = Formation and maintenance of public-private partnerships

GLOBAL COMMITMENT Description of Programs for MCO Investment, FY06

Department of Aging and Independent Living

Mobility Training and other services for elderly visually impaired

Provides specialized Independent Living services to people over the age of 55. Medically related services include: low vision evaluations; low vision devices; rehabilitation services; orientation and mobility, and Braille instruction.

Developmental Services Respite funds

Comparable to respite/goods under the existing Vermont Medicaid MR/DD Waiver respite

DS Special Payments for medical services not covered by XIX

Pays for dental services, adaptive equipment and other ancillary services not covered by Medicaid

Department For Children and Families

Residential Care for Youth

Residential care for youth in need of intensive behavioral health services.

GA Medical expenses

The GA medical expenditures include items, services and prescription drugs that are necessary to meet emergency medical needs and specified services and items related to vision and dental needs. An emergency medical need is a need attributable to a medical condition characterized by acute symptoms of sufficient severity that one could reasonably expect the absence of medical attention to result in serious jeopardy to the health of the individual, serious impairment to bodily functions, or serious dysfunction of the bodily organ or part. An emergency medical need for vision is a service or item that aids convalescence from eye surgery, prevents blindness or further deterioration of eyesight, averts risk of physical injury, or allows an individual to continue education or employment. Emergency medical needs for dental services are those necessary to relieve pain, bleeding, or infection. Prescribed drugs are those drugs that are not on the departments list of non-emergency drugs and fulfill the requirements of the pharmacy best practices and cost control program.

Aid To The Aged Blind and Disabled

State law specifies that eligible recipients must receive a subsistence amount compatible with decency and "health." 33 VSA §1301; receipt of state supplement yields categorical eligibility for Medicaid; the majority of recipients are disabled and have significantly greater health risks than other impoverished groups served by public assistance; the AABD benefit provides an additional resource individuals may use to meet health care needs that are not covered by Medicaid. Amount does not include the amount paid to beneficiaries that is required for States to maintain their eligibility for Medicaid federal matching funds (MOE).

Aid To The Aged Blind and Disabled Assisted Community Care Services

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including nursing overview and medication management. (33 VSA §7101(A))

Aid To The Aged Blind and Disabled Residential Care Level III

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including nursing overview and medication management. (33 VSA §7101(A))

Aid To The Aged Blind and Disabled Residential Care Level IV

Same as above. Also, individuals receive help with personal care and general supervision for physical or mental well-being, including medication management. (33 VSA §7101(B))

Essential Person Program

Costs associated with providing assistance to a spouse to support the independent living of his or her partner. Individuals must be providing at least one medically necessary service to be eligible for this subpart of the AABD program.

CUPS

Direct services for parents with children ages 0 to 6 with behavioral ehalth needs not covered by traditional Medicaid, and consultation services to child care providers to address the needs of children with behavioral health issues.

Department of Corrections

Intensive Substance Abuse Program (ISAP)

A community-based treatment program intended for offenders whose crimes are non-violent and related to their substance abuse. All programs are approved by, and meet the standards of, the Alcohol & Drug Abuse Programs Division of the VT Health Department (ADAP). This includes use of the DSM-IV Substance Use Criteria, the American Society of Addiction Medicine's Patient Placement Criterion and approved clinical assessment instruments. Treatment includes an intensive phase (minimum six month, 3 session's week) and an aftercare phase (3 months 1 session/week). The sessions are led by fully licensed or certified Substance Abuse Counselors and are often cofacilitated by trained DOC staff members who are often credentialed themselves.

Intensive Sexual Abuse Program

This is a community based treatment program using cognitive-behavioral interventions in a group therapy format to eliminate sexual offending behavior. The program is delivered by mental health professionals under contract to the Department of Corrections. Supervision by DOC staff is closely coordinated with treatment that is provided.

Intensive Domestic Violence Program

This community-based program is for men convicted of acts of domestic violence. The program focuses on the elimination of violence and controlling behavior; increasing offender responsibility and empathy using insight based, anger management and cognitive behavioral interventions, and a variety of skill building strategies in order to gain an understanding of their abusive behavior, its impact and self change plans.

Women's Health Program (Tapestry)

This program is a 6-12month residential treatment program that assesses and addresses each woman's overall behavioral, medical and psychiatric needs. Tapestry has a program RN and psychiatric services on site, the Program Director is a LICSW, LADC. 98% of all women admitted to Tapestry have significant medical and/or mental health problems needing ongoing treatment and monitoring by professional staff.

Community Habilitative Care

Counseling, co-facilaition of treatment programs and case management for offenders in the community who have mental health and or substance abuse disorders.

Department of Education

Act 504 - Health Servcies

School-based assistance to meet the needs of students who have a physical or mental impairment that substantially limits one or more major life activities, but whom do not meet the eligibility criteria for, or choose not to access, the Individualized Education Program (IEP).

School Nurses

Proportion of health care services provided by school nurses not currently reimbursed by EPSDT.

Department of Health

AIDS Services

HIV Case Management-- These funds provide the infrastructure, specifically AIDS service organization personnel costs, to link persons living with HIV/AIDS to primary care and other related services (e.g., dental care, substance abuse and mental health counseling services).

TB Medical Services

Pursuant to Vermont Statutes found in Title 18, Chapter 21, the TB program provides for the treatment and care of all persons afflicted with TB. As outlined in the statutes, care may include examination of all individuals suspected of TB or individuals in contact with a diagnosed case of active TB, hospitalization of persons diagnosed with active TB disease, and re-evaluation and re-examination of both individuals diagnosed with active TB disease and latent TB infection. Treatment and care are funded with state dollars.

Tobacco Cessation

Tobacco is the leading cause of preventable death in Vermont, causing about 800 deaths each year. Treating smoking-related illness in Vermont costs \$182 million each year, \$56 million of which are Medicaid expenditures. The Health Department's multi-faceted program to reduce the use of tobacco among Vermonters, with special emphasis on discouraging young people from starting to smoke, includes: community-based programs; media and public education programs; surveillance and evaluation activities; and tobacco cessation programs. The latter includes the Vermont QuitLine (1-877-YES-QUIT), a 24-hour toll-free hotline that provides counseling and referrals to those who want to quit; regular community quit smoking classes and individual counseling held throughout the state in each of Vermont's 14 hospitals; the QuitBucks program providing free or discounted nicotine replacement therapy to all adult smokers; education for dental health providers to improve smoking cessation education and referrals for their patients; and the American Lung Association's Not-On-Tobacco (NOT) teen cessation program in schools.

Family Planning

Family Planning services as funded by state and federal funds support the following clinical services: gender appropriate clinical exams including – medical and social history, height and weight, urinalysis, pelvic exam, breast exam, testicular exam, screening and treatment for sexually transmitted diseases, identification and treatment/referral for general health conditions, follow up for reproductive health conditions, provision/education around appropriate contraceptive methods, information and referral for fertility related problems, fertility related counseling, pregnancy testing and counseling, client support and education.

Physican/Dentist loan foregiveness

Vermont is the second most rural state in the country with a high proportion of Medicaid eligible, low provider Medicaid payments, and comparatively high provider participation and medical/dental service levels, which could quickly erode without interventions to support that participation. A key to that participation are the funds that encourage providers to come and stay in practice in Vermont. The loan repayment program is an important recruitment and retention program for medical and dental providers to continue to deliver services to low income and underserved populations in Vermont.

Substance Abuse Treatment

Substance abuse treatment includes outpatient, intensive outpatient, residential, detoxification and pharmacological treatment services. The need for these services is determined by a comprehensive clinical assessment done by a licensed substance abuse counselor. In the case of pharmacological treatment, a physician must be involved in determining recommendations for a course of treatment. Diagnosis is based on definitions found in the 4th edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV). (Definitions in this manual is also used by mental health professionals.) The clinical assessment determines the diagnosis and the treatment that is medically necessary based on guidelines from the American Society of Addiction Medicine. NOTE: This program is charged to the federal SAPT Block Grant. The Block Grant requires no match but it does mandate some level of state-funded Maintenance of Effort and permits the use of the state share of Medicaid funds as the MOE.

Recovery Centers

The Department of Health provides funds that are used to develop and operate recovery centers. However, it does not do this on a fee-for-service basis as is the case for substance abuse treatment. Although recovery services in Vermont are not seen as a medical service, drug and alcohol professionals recognize the importance of these services in supporting treatment services through ongoing social supports and relapse prevention. Research has shown that long term success of patients is related to having these services in place to support people in their community during and after their episode of treatment.

Emergency Mental Health for Children and Adults

24/7 triage, assessment, mobile outreach, short-term family stabilization, and referral and screening for hospitalization for children, youth, families and adults experiencing a mental health crisis. In most areas, these services are closely linked to local community hospital emergency departments. In a few areas, hospital diversion programs, community respite beds and crisis respite services are also available.

Respite Services for Youth with Severe Emotional Disturbances and their Families

Relief of primary caregivers, comparable to existing Vermont Medicaid Waiver respite services

Mental Health Special Payments for medical services not covered by XIX

Pays for dental services, eye glasses, adaptive equipment and other ancillary services not covered by Medicaid.

Mental Health Outpatient Services for Adults

Includes mental health assessment, individual and group counseling, case management, medication management, care coordination and outreach supports for adults who have a wide range of problems that are life-disrupting, and sometimes temporarily disabling. Typical characteristics of consumers include: poverty, unemployment, high arrest rates, substance abuse, disabling depression and/or traumatic experiences, and suicidal tendencies.

Mental Health Elder Care

This joint initiative of DDMHS and the Department of Aging and Disabilities funds mental health staff to work with local communities' elders' services network to identify, assess and treat the mental health needs of elders.

Mental Health Consumer Support Programs

Support for consumer and family organizations, which operate telephone and e-mail support service, assistance and referral, self-help, peer recovery support services, and education about mental illness.

Mental Health CRT Community Services

CRT programs offer a comprehensive range of mental-health supports and services for adults with diagnoses of major mental illnesses such as schizophrenia, bipolar disorder, major depression, and certain other serious thought or mood disorders. Approximately 3,200 adults, or 25 percent of the estimated need, are currently enrolled in CRT.

Mental Health Children's Community Services

Children's Services programs offer a wide array of community-based services and supports, often in collaboration with other state agencies, to assure timely access to effective prevention, early intervention, and behavioral health treatment and supports through a family-centered, multidisciplinary system of care. The programs are designed to serve children and adolescents from birth to eighteen years of age (and, in some cases, until a youth's twenty-second birthday), and their families.

Emergency Medical Services

Responsible for standard setting, regulation and planning for Statewide Emergency Medical Services systems, training, technical assistance, and program development for local services, and for licensing and certification of all personnel and emergency equipment.

Chronic Disease Epidemiology

Studies the prevalence and patterns related to chronic diseases not covered by specific federal grants. Develops approaches for prevention, intervention, early detection and treatment of chronic diseases; conducts epidemiologic studies including monitoring, surveillance, and control of chronic diseases and disabling conditions.

Health Research and Statistics

Collection and analysis of data to determine the health status, morbidity, and mortality of Vermont's population. Data are made available to the public and are used extensively by a variety of health and human service programs at the state and community levels.

Public Health Laboratory

The non-federal costs of running the public health laboratory, which identifies disease-causing agents in specimens from human, animal, and environmental sources. Identifies the presence of drugs and lead in clinical samples, toxins in environmental samples, and harmful contaminants in drinking water. Tests environmental samples for the presence of radiation including radon. Analyzes breath and blood samples for alcohol content and provides technical support to the infrared breath testing programs used by law enforcement officers and courts in the prosecution of drivers accused of being legally intoxicated.

Renal Disease

Support for patients undergoing renal dialysis.

Newborn Screening

Lab tests on the blood of virtually every Vermont newborn for early identification of a wide variety of genetic conditions such as PKU.

Health Care Authority

Health System Management

The HCA offers a range of consumer assistance regarding health care, including educational publications, lists of carriers and rates, complaint resolution services, and external appeals of denial of benefits; reviews insurance policies and proposed health insurance premium rates in the private health insurance market in Vermont; oversees a program in consumer protection and quality assurance in managed care plans; administers the annual binding budget program for all Vermont hospitals in an effort to monitor and control increases in hospital costs; ensures that licensed health care facilities and services are necessary, non-duplicative and distributed fairly throughout the state; administers or directs the creation of numerous health care databases to support analyses of Vermont health care expenditures; and works with health care professionals in Vermont and regionally to continuously improve the quality of health care throughout the health care system serving all Vermonters.

Office of Vermont Health Access

VSCRIPT Expanded

Offers benefits to low-income seniors and disabled with incomes of 175 - 225% of FPL.

|VSC

Allied Health Education (dental hygienist, LPN)

State funds provided to Vermont State College to train dental hygienist and LPNs.

TO MICHAEL SMITH, SECRETARY, AHS

JOSHUA SLEN, DIRECTOR, OVHA

FROM: SUSAN HARRITT, AAG, HUMAN SERVICES LEGAL COUNSEL

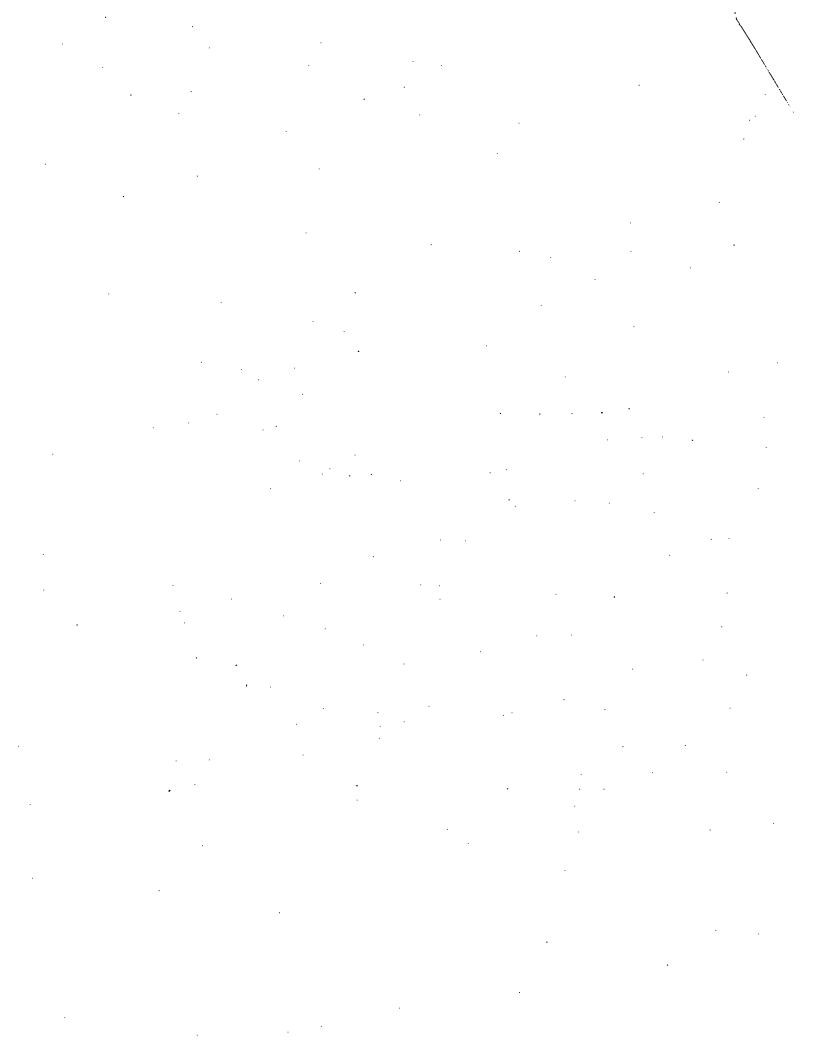
MICHAEL MCSHANE, AAG

RE: ATTORNEY GENERAL REVIEW OF CONDITION 5, JOINT FISCAL

COMMITTEE CONTINGENT APPROVAL

DATE: October 26, 2005

On September 30, 2005 the Joint Fiscal Committee accepted and approved with amendments the recommendation of the Health Access Oversight Committee granting contingent approval of the Global Commitment. The Joint Fiscal Committee's full approval of the Global Commitment to the Health Demonstration Waiver Program is conditioned in part on review by the Office of the Attorney General. Pursuant to this condition appearing at (b)(5) in the Joint Fiscal Committee's September 30, 2005 motion, the Office of the Attorney General has reviewed as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration waiver program. The Attorney General's Office finds that the documents comply with federal statutory requirements generally expressed in 42 U.S.A. § 1315 relating to demonstration projects. The specific documents that were reviewed included the revised final draft of the Intergovernmental Agreement between the Agency of Human Services (AHS) and the Office of Vermont Health Access (OVHA); a letter from Mark McClellan, M.D., Centers for Medicare and Medicaid Services (CMS) to AHS Secretary Michael Smith, date stamped September 27, 2005; a letter from Richard R. McGreal, Acting Associate Regional Administrator, CMS, to AHS Secretary Michael Smith, dated September 29, 2005; and the Waiver and Expenditure Authorities, including the STC, for Vermont's Global Commitment to Health, Section 1115 Demonstration.



Excerpt from minutes of Joint Fiscal Committee meeting of September 30, 2005

GLOBAL COMMITMENT PROGRAM APPROVAL:

- 4. Senator Bartlett moved, and Representative Westman seconded, that the Joint Fiscal Committee accept and approve the recommendation of the Health Access Oversight Committee to grant contingent approval of the Global Commitment to Health Demonstration Waiver Program, with amendments as reflected below:
 - (a) That the Joint Fiscal Committee, pursuant to its authority under Section 250(c) of Act 71 of 2005, grant contingent approval to the Global Commitment to Health Demonstration Waiver Program negotiated by the Administration and the Centers for Medicare and Medicaid Services (CMS) as delineated in Special Terms and Conditions, Number 11-W-00914/1, dated September 27, 2005, and that pursuant to this contingent grant of approval the Administration may begin implementation of the Demonstration Waiver Program on October 1, 2005 for the five year period, from October 1, 2005 through September 30, 2010.
 - (b) That the Joint Fiscal Committee's full approval to the Global Commitment to Health Demonstration Waiver Program be granted on or before November 17, 2005, if, on or before that time, the Joint Fiscal Committee finds that the following conditions have been met:
 - (1) Complete demonstration provisions furnished. That a complete and comprehensive listing and description of all the provisions of the Demonstration Waiver agreement be prepared and included in the letter of acceptance to CMS by the Office of Vermont Health Access (OVHA) and provided to the Joint Fiscal Committee, comparing the original proposal for the Demonstration Waiver Program with the outcome of negotiations with CMS; and that the Joint Fiscal Committee finds that these final provisions are in accord with the terms and conditions presented to the Joint Fiscal Committee as the basis for its contingent approval.
 - (2) Final premium amounts determined to be sufficient. That OVHA present to the Joint Fiscal Committee the final premium amounts adopted by the Agency of Human Services (AHS) upon actuarial certification, and that the Joint Fiscal Committee finds that such amounts are sufficient to support the Demonstration Waiver Program including the state's current Medicaid and expansion programs.
 - (3) Agreement regarding future years' premiums. That AHS work with CMS regarding the criteria utilized in future waiver years in order to ensure that future premiums will not be negatively affected by successful cost savings efforts achieved by the state, and that OVHA report to the



Joint Fiscal Committee and the Health Access Oversight Committee on the status and provisions of any agreement reached.

- (4) MCO Savings Identified. That OVHA present to the Joint Fiscal Committee a list of criteria and an updated list of MCO targeted health care investments that support the administration's recommendation that the final value of the Demonstration Waiver program to the state is within the range of \$135 million to \$165 million.
- (5) Attorney General Review. That the Attorney General review as to form the Special Terms and Conditions (STC), the Intergovernmental Agreement (IGA), and other legal documents regarding the demonstration Waiver program.
- (c) That by granting contingent approval of the Demonstration Waiver program, the Joint Fiscal Committee cedes none of the authority of the General Assembly to determine policy, eligibility and benefits for the Medicaid program (including expansion programs), through legislative enactments, administrative rules review, the state budget and appropriations process, or any other means of legislative oversight. Further, the Joint Fiscal Committee affirm the legislature's commitment to providing health care benefits to low-income Vermonters through the Medicaid program.
- (d) That pursuant to #40 of the Special Terms and Conditions, revenue from capitation payments will be used to reduce the rates of uninsured or underinsured and improve the access and quality of services to that group; that the approval letter from the Department of Health and Human Services also indicate the Department's understanding that "Vermont will demonstrate its ability to promote universal access to health care;" and therefore, to the extent that there is unused spending capacity as measured by the difference between the amount necessary to maintain the current Medicaid program and the Demonstration Waiver program's maximum certified premium, that unused spending capacity shall be used to fund health care initiatives authorized by the legislature to improve the access to and quality of health care services received by the uninsured and underinsured.

The motion was adopted by unanimous voice vote.



PHONE: (802) 828-2295 FAX: (802) 828-2483

MEMORANDUM

To:

Senator Jeannette White, Chair; Representative Ann Pugh, Vice Chair;

and Members, Health Access Oversight Committee

From:

Stephen A. Klein, Fiscal Officer

Date:

November 10, 2005

Subject:

Global Commitment Joint Fiscal Committee briefing materials

Attached please find the Administration's briefing materials that are being sent to the Joint Fiscal Committee for their November 17th meeting on Global Commitment.

As you are aware the Joint Fiscal Committee will review these materials as to how they meet the conditions for approval of the Global Commitment pursuant to the September 30th contingent approval motion. This review will take place at the Joint Fiscal Committee's, November 17th meeting. *This will be a review only* as the final action on approval is being delayed until November 30th at a 1 pm special meeting of the Committee. The delay is due to the actuarial analysis not being ready until just before Thanksgiving.

The Committee looks forward to your attendance at either or both meetings!

DRAFT - revised 11/16/05

Date

Dr. Mark B. McClellan, M.D., Ph.D Administrator Centers for Medicare and Medicaid Services Mail Stop C5-11-24 – Central Building – Room C5-25-25 7500 Security Boulevard Baltimore, MD 21244-1850

Dear Dr. McClellan:

I am writing to formally accept the Special Terms and Conditions of the recently approved Global Commitment Section 1115 Demonstration Waiver, with an effective start date of October 1, 2005. We sincerely appreciate the time and dedication of CMS staff in the development of this innovative program. We believe that the Demonstration will enable us to better serve Vermonters through more effective use of state and federal resources.

Under the Global Commitment to Health Waiver, Vermont will demonstrate its ability to promote universal access to health care. Subject to the availability of state funds, authorization of the Vermont legislature and compliance with the Demonstration's Special Terms and Conditions, the Demonstration will enable the State to develop health care initiatives to improve the access to and quality of health care services received by the uninsured and underinsured Vermonters.

Vermont's Waiver Proposal, submitted April 15, 2005, identified the State's goals and objectives; described examples of innovative programs that might be implemented in order to more effectively and efficiently meet Vermonters' health needs; and provided assumptions regarding program design.

During the course of extensive collaboration and negotiation with CMS, Vermont's goals and objectives for the Demonstration continued without change. Through collaboration with CMS, we refined the program design and operational parameters to better meet both state and federal policy and fiscal objectives. Therefore, the final parameters under which the State will operate are defined by the Special Terms and Conditions. These include the following:

new

- The Vermont Legislature must approve changes to eligibility requirements and benefits for enrollees in the Global Commitment to Health 1115a Waiver.
- Per the Special Terms and Conditions, should the state of Vermont elect to implement any of the
 innovative features outlined in its waiver proposal in accordance with any directive of the state
 legislature, the state will seek approval from the Centers for Medicare and Medicaid Services
 (CMS) to do so.
- The Office of Vermont Health Access (through the Agency of Human Services) will be serving as the public MCO for the demonstration program. OVHA will provide services in accordance with the managed care provisions of the Balanced Budget Act of 1997. The MCO premium rate will be based on covered benefits and eligibility, will be actuarially certified and approved by

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CMS. The MCO will have broad expenditure authority, subject only to the limitations specified in section 40 of the Special Terms and Conditions, MCO payment restrictions identified in 42 CFR 438.214, and approval of the Vermont Legislature.

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- Changes in eligibility criteria and the scope of benefits provided under the Vermont Medicaid program, including this demonstration waiver, will be determined by the Vermont Legislature. Changes also must be approved by CMS if required by the Special Terms and Conditions. However, eligibility expansions may be implemented under section 40 of the Special Terms and Conditions without CMS approval.
- The payment rate in the IGA between the AHS and MCO can be altered during the agreement year, as long as the revised rate is within the actuarially certified rate range.
- As is permitted by the CMS capitation checklist and the actuary practice guidelines for Medicaid rate-setting, MCO investments may be included in the subsequent years' actuarial certification process to set the range of rates for AHS payment to the MCO, to the extent that such investments demonstrate cost savings for Medicaid-eligible service categories.
- The budget neutrality terms rely on historical expenditures and current federal projections of program growth. The State may seek re-negotiation of the budget neutrality terms if an unforeseen event occurs during the course of the Waiver term, such as a major economic downturn or catastrophic event (e.g., epidemic, natural disaster or terrorist action).

• The specific details regarding "normal cluse-out costs" in Special Terms and Conditions #10 is determined on a 6856 by-case basis. However, at a minimum, this clause indicates that, in the event that the waiver is prematurely suspended or terminated, CMS will provide federal match for the administrative and service costs associated with transitioning the care of people enrolled in the demonstration that are not state plan populations.

• Consistent with the Global Commitment Special Terms and Conditions, Vermont intends to continue to operate the Vermont Health Access Program (VHAP) through the MCO, including VHAP- Uninsured, VHAP Pharmacy, VScript and PCPlus Programs. However, such services will be provided under the authority of the Section 1115a Global Commitment waiver rather than the authority of the former Section 1115a VHAP waiver. Program eligibility criteria and benefits will remain unchanged unless directed by the Vermont Legislature and by CMS, as required by the Special Terms and Conditions.

Existing federal authority and state administrative rules associated with all programs included under the 1115a Global Commitment waiver will remain in effect unless they are changed through the state's formal rule-making process.

 Vermont intends to continue to offer the following home and community based (HCBS) services under the Global Commitment Waiver: developmental services, severe emotional disturbance and traumatic brain injury waivers. However, such services will be provided under Deleted: be required to

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Legislative approval of the final waiver program is contingent upon a determination by the legislature that the final premium amounts are sufficient to support the program. Such sufficiency shall be based on the actuarial certification of the rates to be paid to OVHA by an independent actuary coupled with acceptance by the Joint Fiscal Committee that such amounts are sufficient to support the Demonstration program, including the state's current Medicaid and expansion programs.

Sincerely,

Michael K. Smith, Secretary State of Vermont Agency of Human Services Deleted: for people eligible

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- The Vermont Legislature must approve changes to eligibility requirements and benefits for enrollees in the Global Commitment to Health 1115a Waiver.
- Per the Special Terms and Conditions, should the state of Vermont elect to implement any of the innovative features outlined in its waiver proposal in accordance with any directive of the state legislature, the state will seek approval from the Centers for Medicare and Medicaid Services (CMS) to do so.
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Sincerely,

Michael K. Smith, Secretary State of Vermont Agency of Human Services Deleted: for people eligible

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Global Commitment Legislative Review Schedule Week of September 26th

Act 71, Section 250 calls for the consideration of Global Commitment to be by the Joint Fiscal Committee based on the recommendation of the Health Access Oversight Committee. As you may imagine the tight timelines due to the administration's desire to have Global Commitment in place by October 1, have created scheduling issues for legislative committees. In order to allow the Health Access Oversight Committee and the Joint Fiscal Committee time for information gathering and deliberation we have in place the following schedule.

September 27th Health Access Oversight Committee

The Health Access Oversight Committee will meet in the afternoon to hear from the legislative consultants on the proposed Global Commitment waiver. They will take any other testimony that they see fit to consider.

- Based on this meeting, the Health Access Oversight Committee will consider making a recommendation at that time.
- If the Health Access Oversight Committee makes a recommendation it shall forward it to the Joint Fiscal Committee.
- If it can not make a recommendation without further deliberation, it will schedule another meeting for Friday morning, September 30th.

September 28th Joint Fiscal Committee

The Joint Fiscal Committee will meet to consider the Global Commitment waiver on September 28th. They will hear from the legislative consultants and hear of any recommendation from the Health Access Oversight Committee.

- If the Health Access Oversight Committee has made a recommendation the Joint Fiscal Committee will plan to make a final recommendation on the 28th.
- If Health Access Oversight has not been able to finalize its recommendation:
 - The Fiscal Committee will postpone a final deliberation and vote until Friday afternoon, September 30th at one p.m. At that time it will hear the Health Access Oversight Committee recommendation.
 - The Fiscal Committee may decide that it needs more information for its own action and postpone decision making until October. In that case the Health Access Oversight Committee meeting on the 30th will likely be postponed.

September 30th Health Access Oversight Committee/Joint Fiscal Committee – If necessary – To be held as follows:

- If the Joint Fiscal Committee is ready for a decision but the Health Access Committee needs to finalize its recommendation. The Health Access Oversight Committee will meet at 10:00 AM
- If the Joint Fiscal Committee meets it will meet at 1 P.M. to hear from the Health Access Oversight Committee their recommendation, discuss the recommendation and take a formal vote.

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Administrator
Washington, DC 20201

SEP 2 7 2005

Mr. Michael Smith Secretary Agency for Human Services 103 South Main Street Waterbury, VT 05671-2301

Dear Mr. Smith:

We are pleased to inform you that Vermont's April 15, 2005, application, "The Global Commitment to Health" section 1115 demonstration, has been approved as project number 11-W-00194/1, for a period of 5 years, beginning with the enrollment of the first demonstration participant, but no later than January 1, 2006. This approval is under the authority of section 1115(a) of the Social Security Act.

Using a multi-disciplinary approach including the basic principles of public health, the fundamentals of effective administration of a Medicaid managed care delivery system, and flexibility under this demonstration, Vermont will demonstrate its ability to promote universal access to health care, cost containment, and improved quality of care. Vermont will be required to conduct an evaluation of the impact of the demonstration program during the 5-year period.

The Vermont Agency for Human Services will contract with the Office of Vermont Health Access to serve as a publicly sponsored managed care organization. The Federal regulations published at 42 CFR Part 438 shall govern the provision of Medicaid services through managed care. Furthermore, the State will be financially at risk for managing costs within a targeted amount. Vermont will have to manage its program within the aggregate amount of \$4.7 billion over the approved 5-year demonstration period.

Our approval of the Global Commitment to Health section 1115(a) demonstration, including the waivers and expenditures authorities provided thereunder, is conditioned upon compliance with the enclosed Special Terms and Conditions. All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in the enclosed waiver and expenditure authority list, shall apply to the Global Commitment to Health demonstration. The award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

As a follow-up to the State Medicaid Directors letter published on June 3, 2005, Federal funds are not available as of January 1, 2006, for drugs covered by the Medicare prescription drug program for any Part D-eligible individual or for any cost sharing for such drugs.

The approval of this demonstration does not include the State's proposal to expand the availability of Employer Sponsored Insurance through premium assistance, nor the approach to streamline eligibility determination. However, we are committed to working with you to further develop both of these proposals for future approval.

Your project officer is Ms. Angela Garner. She is available to answer any questions concerning your section 1115 demonstration. Ms. Garner's contact information is as follows:

Centers for Medicare & Medicaid Services Center for Medicaid and State Operations 7500 Security Boulevard, Mailstop S2-01-16 Baltimore, MD 21244-1850

Telephone: (410) 786-1074 Facsimile: (410) 786-5882

E-mail: angela.garner@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Garner and to Mr. Richard McGreal, Acting Associate Regional Administrator in our Boston Regional Office.

Mr. McGreal's contact information is as follows:

Centers for Medicare & Medicaid Services JFK Federal Building, Room 2275 Boston, MA 02203-0003

If you have questions regarding this correspondence, please contact Ms. Jean Sheil, Director, Family and Children's Health Programs Group, Center for Medicaid and State Operations, at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Mark B. McClellan, M.D., Ph.D

Enclosures

Comments Submitted By Medicaid Advisory Board Members

1. Donna Sutton Fay < DSuttonFay@vtlegalaid.org> 11/11/2005 10:55:13 AM

Susan,

Thank you for the opportunity to comment on the draft Global Commitment Waiver acceptance letter. By replying to almost everyone on the email list you sent this to, I am copying my comments to the Medicaid Advisory Board and the Joint Fiscal Office. I will also send them to the Joint Fiscal Committee and the Health Access Oversight Committee.

As written, the draft letter does not meet the Joint Fiscal Committee's September 30, 2005, motion setting out the conditions that must be met for it to give final approval for the Global Commitment waiver. The JFC motion states that a "complete and comprehensive listing and description of all the provisions" of the waiver be included in the acceptance letter to CMS that "compar[es] the original proposal for the Demonstration Waiver Program with the outcome of the negotiations with CMS...".

HMA pointed out in its report, and in its testimony, that "the original demonstration proposal has not been updated to reflect changes that were made during the negotiation process." (page 3 of the HMA report) HMA made two recommendations, one of which was to "[s]ecure solid documentation of the understandings reached" between CMS and AHS. It recommended that AHS use the acceptance letter to put in writing its understanding of the "outcome of negotiations on all the key points." (report page 3) HMA pointed out that a number of changes were made to the Vermont's original Global Commitment proposal, but it is not clear what all the changes are because the original proposal was not updated prior to being approved by CMS. (report page 9)

The letter as drafted does little more than elaborate on the Terms and Conditions. It offers no comparison of the final negotiations with the original proposal. Paragraph 4 of the draft letter refers to AHS "refining the program design and operational parameters", but does not elaborate on what those are and how the final proposal differs from the original one. This is critically important, and is required to meet the conditions set out by the JFC.

Additionally, I think the acceptance letter needs to clearly state that:

- 1. # 6 of the Special Terms and Conditions means that federal mandatory eligibility criteria and mandatory benefit requirements are preserved, and that Vermont is not seeking, nor has CMS approved any waiver of these federal requirements. The wording of the #6 implies otherwise because it states "...Reductions in benefits for federally mandated populations (including optional services)..." must be submitted to CMS. This clearly implies that the state has wavier authority to change mandatory services.
- 2. That CMS is not approving any waiver authority that would allow Vermont to change EPSDT coverage for children. The Terms and Conditions #6 explicitly allow Vermont to change the benefit package for optional populations; they make no exception for children. AHS has consistently stated its intent not to change any EPSDT coverage, and the acceptance letter needs to explicitly state that.

- 3. Legislative approval is required for all changes to current programs and for implementation of new programs. It is not clear why AHS is singling out employer sponsored insurance and HSA proposals in the first bullet. CMS specifically states in its acceptance letter that it has not approved the state's Employer Sponsored Insurance proposal.
- 4. All current state regulations for all programs that fall under the Global Commitment remain in effect unless the state changes them through formal rule making.
- 5. CMS must affirmatively inform Vermont if it does not agree with the terms as laid out in the acceptance letter. The state could alternatively set a date by which acceptance is assumed if CMS has not notified Vermont otherwise.

Lastly, the acceptance letter identifies three current 1915c waivers that will be brought under the Global Commitment waiver: developmental services, severe emotional disturbance, and the traumatic brain injury waivers. The acceptance letter states that the waivers will remain unchanged "unless modified through a formal process with stakeholders" and eligibility criteria will be defined through IGAs. AHS needs to define what it means by a "formal process with stakeholders". Presumably, this involves rule making. It is very troubling to learn that eligibility criteria will be defined in IGAs, completely outside any public process. I don't believe this is an acceptable process when public benefits are involved, and it may not comply with federal or state law governing the administration of public benefits.

Donna Sutton Fay State Health Care Ombudsman

2. Kay Van Woert Kvanwoert@aol.com 11/14/2005 8:31:36 AM

To: Susan Besio Agency of Human Services

Parent to Parent of Vermont appreciates the opportunity to comment on the draft Global Commitment Waiver acceptance letter. We are also responding as the Vermont Chapter of Family Voices, a national organization that represents families of children with special health care needs.

Family Voices is very concerned that CMS not approve any waiver authority that would allow Vermont to change EPSDT coverage for children. It has been suggested that The Terms and Conditions #6 explicitly allows Vermont to change the benefit package for optional populations and makes no exception for children.

While AHS has consistently stated its intent not to change EPSDT coverage, a stance we wholeheartedly applaud and support, the acceptance letter needs to be explicit about preserving EPSDT benefits.

Maintaining EPSDT is not just good public policy in Vermont, is vital in all states. Certainly Vermont does not want to be the first state in the U.S. to set a waiver precedent towards dismantling EPSDT, even if that option is not exercised.

Sincerely,

Kay Van Woert Member, Medicaid Advisory Board Parent to Parent/ Family Voices of Vermont

3. "Connie Curtin" < CCurtin@vtpic.com> 11/15/2005 7:50:55 AM

The Vermont Parent Information Center supports Parent to Parent's comments on the draft Global Commitment Waiver acceptance letter. Many families rely on EPSDT to provide health care for children with special needs and the coverage that this program provides should remain in tact.

Thank you,

Connie Curtin Executive Director 802-876-5315

4. Lila Richardson <LRichardson@vtlegalaid.org> 11/15/2005 11:31 AM

Dear Susan:

These comments are in response to your request for feedback on the draft letter on global commitment which will be reviewed by the Joint Fiscal Committee later this week.

For the most part, the letter merely repeats the special terms and conditions rather than outlining additional points agreed to in the negotiations. It is important that any additional terms be specified.

In testimony before the Health Access Oversight committee, Veronica Celani suggested that it would be advisable to include greater detail about exactly what process would be used if the waiver were terminated before the end of five years and in particular what is meant by the phrase "normal closeout costs" in #10 of the Special Terms and Conditions. There is no such clarification in this letter.

I agree with the other comments which have been circulated about the need to clarify whether EPSDT coverage can be waived for optional populations under global commitment. It appears from the special terms and conditions that it can, and if this is not the state's intent, that should be stated in the letter.

VCDR is very concerned about EPSDT coverage with respect to any "employer sponsored insurance" premium assistance proposal. Although in February 2005 Josh Slen testified that the administration intended to exempt children with special health needs from its employer sponsored insurance initiative in the FY 2006 budget proposal, no one in the administration was ever able to provide details of how such an exemption would work. Dr. Dynasaur families often have access to employer sponsored insurance and often have other primary insurance, but commercial plans do not provide important benefits like personal care services and high tech services. Only Medicaid can supply these wrap-around benefits which are needed by children with disabilities.

I am also very concerned that the fifth bullet of the letter does not accurately capture the legislative intent of trying to identify how the premium process and the projected MCO savings will work in years three to five of the waiver.

I took detailed notes of the Joint Fiscal Committee testimony of the actuary who will be certifying the premium. Representative Heath asked whether there was a risk that if the state achieves savings in the initial years of the waiver, CMS might react in later years by reducing the premium. The actuary responded that this is a very legitimate concern and that there needs to be "extensive dialog" with CMS on how this would work in the out years to avoid possible cuts in the premium amount.

Cost offsets were also identified by the actuary as a key area that would have to be "worked through" with CMS. Cost offsets were described as investments in nontraditional services that save money in traditional areas. They were listed as costs not otherwise matchable in the waiver terms.

The draft letter to CMS deals with the "cost offset" issue but not the question of how the state will have any assurance that it can keep the "MCO savings" it is estimating if the premium rate is significantly higher than the actual program spending during the first years of the waiver.

I am also concerned because the process for making changes in the home and community based service waivers as described in the last bullet is different than the description of "changes in eligibility criteria and the scope of benefits" discussed in the third bullet as being "determined by the Legislature." I am not sure how "modification through a formal process with stakeholders" would occur and whether this will be a step in addition to legislative review. I am also concerned that there is reference to setting eligibility for the waivers as part of intergovernmental agreements "between the MCO and the departments that administer these programs." The state has said repeatedly that there would be no changes in existing Medicaid eligibility or benefits without legislative approval and this should be clear in the letter.

Finally, I believe it is very important that the state either ask CMS to confirm its agreement with the terms outlined in the letter or include a statement that it will assume agreement if no response is received by a given date.

Thank you for the opportunity to comment on the proposed letter.

Lila Richardson VCDR member, Medicaid Advisory Board

5. "Schaedel, Garry" <GSchaed@vdh.state.vt.us> 11/16/2005 1:20:24 PM

FYI, From the March MAB 3/28/05 Page 4.

"Garry Schaedel referenced the GC CP, page 9 and page 11 and questioned Vermont's commitment to EPSDT based on the wording in the CP. Garry asked if Vermont is proposing to only commit to "T" not "EPSDT". Susan Besio said that the GC is not making a new proposal and that rewording will be included in the GC proposal so that it is clear. Julie Arel referenced the GC CP, page 9 and questioned Vermont's commitment to EPSDT over the next five years. Joshua said that Vermont remains committed to EPSDT."

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11/17/05 Fiscal Committee Proposed Motion

Joint Fiscal Committee finds that the following conditions of the September 30th motion of contingent approval of the Global Commitment to Health Demonstration Waiver Program have been met:

Condition:

- (1) Complete demonstration provisions furnished
- (4) MCO Savings Identified
- (5) Attorney General Review

Based upon an Administration request, the Committee hereby postpones until November 30th consideration of two remaining conditions (2) "Final premium amounts determined to be sufficient" and (3) "Agreement regarding future years' premiums." At that meeting the committee will also complete final review of the letter of acceptance, and carry out a final approval vote.

COPY



September 27, 2005

The Honorable Susan Bartlett Vermont State House 115 State Street Montpelier, VT 05633

Dear Senator Bartlett:

I am writing to express the Children's Defense Fund's profound concern over the assault on Vermont's Medicaid program, a vital safety net for Vermont's most vulnerable children. Almost 12% of Vermont's children are living in poverty, and over 68,000 of its children rely upon the health coverage provided to them by the State's Medicaid program.

The action being considered by the Vermont legislature to create a "Global Commitment to Health" is directly contrary to Vermont's history as a model for the nation in providing generous health care coverage to those most in need. This legislation will in fact block grant the State's Medicaid funds and will ultimately severely restrict coverage and benefits to poor children and working families. Such legislation will have significant adverse effects on tens of thousands of Vermont's children and, potentially, on 6 to 25 million poor children throughout the United States if similar legislation is adopted in other states. At a time when 9 million American children are still without health coverage despite Medicaid and the State Children's Health Insurance Program (SCHIP), it is time for us to join together to extend coverage to every child – not go backwards.

Children are not the cause of Medicaid's escalating costs and are in fact its most cost effective enrollees. Per capita costs for children are the lowest among eligible Medicaid groups. Although children represent almost 44% of the enrollees in the State's Medicaid program, they represent only 31% of the costs of the program. While your concern about the rising costs of health care is valid and understandable, the national policy challenge of rising health care costs and an aging population is not an excuse for balancing budgets on the backs of poor children. Other solutions can be found that are morally and fiscally responsible. Hurting children is neither.

Block granting the Vermont Medicaid program for a short-term infusion of funds will jeopardize the health and health care for one in five Vermonters. Children, in particular, will likely face critical program changes that will seriously compromise access to health care services, such as reduced benefits, new premiums and co-payments, and changes in

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eligibility that could result in waiting lists for the first time in the program's history. Although the Vermont legislature has stated its intention to maintain eligibility and benefits for beneficiaries, this will likely prove impossible as program costs continue to rise while federal funding increases shrink. The comprehensive and preventive benefits children receive under the Medicaid program, known as EPSDT (Early and Periodic Screening, Diagnostic, and Treatment), were created by Congress in response to clear evidence that disadvantaged children were suffering from disabling conditions that could have been reduced or completely eliminated with prevention and timely treatment. Tampering with these services will almost certainly result in higher – not lower – health and social costs in both the short and long term. Additionally, any increase in cost sharing or reduction in income eligibility for Medicaid will lead to poorer health for Vermont's most vulnerable children and will ultimately increase costs.

Approving Vermont's proposed "Global Commitment to Health" is the wrong choice for all Vermonters – especially its children. Vermont's most vulnerable children whose futures we hold in trust should not be put at risk. Vermont should not allow itself to set such a harmful precedent that other states may adopt in some form that would put hundreds of thousands of our poorest children at risk. The Children's Defense Fund urges you to exercise your responsibility to reject legislation that is contrary to the Medicaid program's purposes and, instead, exercise your leadership to prevent the harmful effects on children that Vermont is proposing. We urge you to do what is right and just.

Sincerely yours,

Mi- liger 2 dec.

Marian Wright Edelman CEO and Founder



OFFICE OF HEALTH CARE OMBUDSMAN

264 NORTH WINOOSKI AVE. P.O. BOX 1367 BURLINGTON, VT 05402 (802) 863-2316, (800) 917-7787 (VOICE) (802) 863-2473, (888) 884-1955 (TTY) (802) 863-7152 (FAX)

<u>Testimony of Donna Sutton Fay</u> State Health Care Ombudsman

September 27, 2005 Health Access Oversight Committee

Global Commitment

I regret that I am not able to testify in person before the Committee. I have a number concerns about the rapid pace with which the Health Access Oversight and Joint Fiscal Committees are being asked to approve the Global Commitment as outlined in the Special Terms and Conditions from CMS dated September 13, 2005. While the Administration has been negotiating the Global Commitment for several months, it is only in the last two weeks that the Terms and Conditions have been approved and made public. I urge you to take the time necessary to understand both the specific terms and the implications of Global Commitment before approving it.

The Health Care Ombudsman Office assists over 1000 Vermonters a year who rely on the state health care programs for their health insurance. We have assisted over 7000 beneficiaries since the inception of the program. I am keenly aware of the critical importance of Medicaid, VHAP, and the pharmacy programs in the lives of these Vermonters. In fact, approximately one-quarter of all Vermonters rely on the state health care programs for their access to health care. Global Commitment represents significant changes in the manner in which these programs are financed and administered; it is critically important that the legislature fully understand the implications of Global Commitment before it is approved. Two weeks simply is not enough time to understand and realize the implications of a fundamental restructuring of Medicaid programs.

I want to make sure that the Committee understands that I am just as aware of the projected Medicaid deficit and the potential impact it has on beneficiaries. The impact of the projected deficit on beneficiaries cannot be ignored. Nevertheless, it is important that the legislature fully understand Global Commitment before it approves it. Global Commitment, if it works as has been explained, will only be a solution to about one-third of the projected Medicaid deficit.

Global Commitment Caps Federal Funding for Vermont's Health Care Programs

One of the fundamental questions that must be answered in deciding whether or not to approve Global Commitment is the financial risk to Vermont. Under Global Commitment, Vermont assumes the entire risk if costs exceed the cap. "Vermont shall be at risk for the per capita cost...for Medicaid eligibles...., and for the number of Medicaid eligibles in each of the groups. ... Vermont shall be at risk for changing economic conditions that impact enrollment levels." #50, Terms and Conditions.



This financing mechanism is different than the current VHAP waiver. Under the current VHAP waiver, the budget neutrality limit is determined using a per capita cost method. According to the CMS web site, the terms and conditions for the current VHAP waiver state that "In this way, Vermont will be at risk for the per capita cost... for current eligibles but not at risk for the number of current eligibles. ... HCFA [now CMS] will not place Vermont at risk for changing economic conditions."

The Legislature needs to fully evaluate the risk to the state and its most vulnerable citizens if it agrees to a cap in federal funding for Medicaid programs.

What does implementation of Global Commitment on October 1 mean?

It is not clear what an approval by the Joint Fiscal and Health Access Oversight Committees of Global Commitment by October 1 means. There has been no explanation of how the state will lose \$1 million per week if Global Commitment is not approved. Clearly, the terms of the Interagency Agreement between AHS and OVHA will not be implemented on October 1, nor will the 23 implementation tasks OVHA has identified for the MCO.

What does OVHA becoming a Managed Care Organization mean?

The legislature needs to take time to fully analyze and understand the implications of OVHA becoming a managed care organization (MCO). Under Global Commitment, OHVA becomes a MCO responsible for paying for and providing all Medicaid services. The Legislature should be satisfied that OVHA has the expertise and necessary levels of staffing to undertake this. OHVA as a MCO will be exempt from all the oversight that other MCOs in Vermont are subject to. It will not have to comply with consumer protections and quality assurance by an independent part of state government that all other MCOs in Vermont are subject to. The Legislature must insure that there will be adequate monitoring and evaluation of the MCO. It must understand how the parent agency of the MCO can objectively provide this level of oversight when both AHS and the MCO are part of the same agency within the executive branch.

The Interagency Agreement between AHS and OVHA must be carefully analyzed.

This interagency agreement is an extremely important document. It contains much of the detail about how the MCO will work and provide services. It contains enormous detail about the provision of services, prior authorization of services, appeals and grievances, payments to providers and quality assurance. The draft agreement was not available publicly until September 22. There are significant sections in the agreement that depart from current Medicaid law, and need detailed analysis. Prior authorization of services and appeals are two examples. There has been no public review of the agreement and no explanation of how and when the terms of the agreement will be implemented. There simply is not sufficient time to fully analyze and comprehend the implications of the terms of this agreement by October 1.

Policy Implications

Global Commitment gives the state enormous flexibility to change eligibility and covered services, beyond what is currently allowed by federal Medicaid law. The Terms and Conditions allow for reductions in benefits for mandatory populations.(#6). Only eligibility criteria for mandatory eligible individuals are protected in the terms and conditions (#27). The list of waivers granted include: waiver of the basic Medicaid concept of "amount, duration and scope

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of services"; eliminating the "spend down" provisions of Medicaid for some pregnant women, parents and children; imposing premiums in excess of current federal statutory limits; allowing different levels of services by geographic area of the state. These waivers, if implemented, would change Vermont Medicaid programs in ways that cannot be fully understood and analyzed by October 1.

Given that Global Commitment has the potential to be a solution to only one-third of the projected Medicaid deficit over the next 5 years, these waivers pose a very real threat to the continued provision of health care services to poor, elderly and disabled Vermonters.

cc: Joint Fiscal Committee

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115 STATE STREET MONTPELIER, VT 05633 TEL: (802) 828-2228 FAX: (802) 828-2424



SEN. JEANETTE WHITE, CHAIR
REP. ANN PUGH, VICE-CHAIR
SEN. CLAIRE AYER
SEN. ED FLANAGAN
SEN. M. JANE KITCHEL
REP. THOMAS KOCH
REP. MARK LARSON
REP. STEVEN MAIER
SEN. KEVIN MULLIN
REP. JOHN PATRICK TRACY

TO: Joint Fiscal Committee

DATE: November 16, 2005

FROM: Jeanette White, Chair

Health Access Oversight Committee

I am writing on behalf of the Health Access Oversight Committee to share the committee's suggestions provided to the Agency of Human Services on the draft letter to the Centers for Medicare and Medicaid Services (CMS) signifying Vermont's formal acceptance of the Special Terms and Conditions of the Global Commitment Section 1115 Demonstration Waiver. On Monday, November 14, the committee heard testimony, reviewed the draft letter, and provided oral suggestions to Joshua Slen from OVHA and Susan Besio from AHS. Ms. Besio and Mr. Slen indicated that they were in agreement with the committee's clarifications and would revise the CMS letter accordingly. We expect that Ms. Besio or Mr. Slen will testify on the changes that were made at the Joint Fiscal Committee hearing on November 17. We hope that the Joint Fiscal Committee will consider our comments in their review of the criteria established in the conditional acceptance.

The Joint Fiscal Committee's conditional acceptance of September 30 stipulated that the acceptance letter provide "a complete and comprehensive listing and description of all provisions of the Demonstration Waiver." The purpose was to avert future misunderstandings between CMS and AHS by clearly documenting AHS's understanding of the outcome of the negotiations on all key points. The JFC motion indicated that this would include a comparison of the original AHS proposal to the Special Terms and Conditions, as previously recommended by Health Management Associates (HMA). Consequently, the Committee expected a more comprehensive document to track changes from the original proposal. One committee member did request to see any communications between AHS or OVHA and CMS regarding the changes. Because JFO informed us that HMA reviewed the draft letter and concluded that the documentation was sufficient, the committee did not make any suggestions on this issue.

We suggested that the draft letter state more prominently that the Vermont Legislature must approve any changes to eligibility requirements and benefits under this demonstration waiver.

In the first bullet in the draft letter, we recommend deleting the second sentence that singles out health savings accounts and premium subsidies for employer-sponsored insurance as examples of "innovative features." We understand that the intent of including these examples was to make perfectly clear that these proposals for which there is not consensus could not be implemented without legislative authorization and CMS approval. However, the first sentence succinctly

makes this point with regard to the full menu of options outlined in the original waiver proposal. We see no reason to single out the options lacking consensus.

In the second bullet, we recommend adding language at the end of the third sentence to indicate that "approval of the Vermont Legislature" is also a limitation on the public MCO's broad expenditure authority.

The committee expressed concern about the clarity of Term and Condition 6 regarding the waiver of mandatory services for mandatory Medicaid eligibility groups and the coverage of Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services for children who are included in Vermont's programs as optional or expansion populations. OVHA and AHS had testified previously that the waiver did not allow waiver of mandatory services for mandatory eligibility groups. The language of Term and Condition 6, however, is ambiguous on this issue. In addition, the language in Term and Condition 6 allows modification of benefits for optional and expansion populations within a five-percent window. This could be interpreted to include EPSDT services for children who are eligible as part of the optional or expansion groups, although EPSDT is not specifically waived in the terms and conditions. OVHA and AHS had testified previously that there was no intention of waiving EPSDT services as was illustrated by the fact that it was not specifically included in the terms and conditions. Because of these ambiguities, the committee requested the agency to clarify its interpretation of this term in the letter to be consistent with its previous testimony.

The committee also suggested a clarification in the eighth bullet regarding the former VHAP waiver that the existing rules would remain in effect unless changed through the state's usual process.

The committee had a concern that the language in the ninth bullet regarding the former 1915c waivers did not clearly indicate that the established state process for modification of these program parameters would be used by the agency under the new waiver.

Last, the committee suggested that the letter specify that the state would assume the terms were acceptable to CMS if CMS did not respond to the state within a specified time frame.

In regard to the other conditions contained in the September 30th motion, the Health Access Committee did not hear testimony regarding the premium rate because it was not available and had no suggestions regarding the other conditions.

From:

Michael Obuchowski

To:

Rebecca Buck

Date:

9/26/2005 1:50:25 PM

Subject:

Re: Questions on JFO #2226 from Rep. Obuchowski

Thanks.

>>> Rebecca Buck 9/26/2005 1:19 PM >>> Good afternoon Ted and Jacinthe--

Rep. Obuchowski has the following questions regarding JFO #2226 (\$350,000 Homeland Security grant for buffer zone protection plans at 7 VT sites):

- 1) What they are doing at these sites?
- 2) Who owns these sites or protected assets in these buffer zones? Why are they not paying for protection of their own assets?
- 3) Are there other sites in VT that should be receiving the same treatment? If so: What are the sites? Where are they located? Are there plans to protect them?
- 4) Also Rep. Obuchowski had a recent conversation with State Auditor Brock in which the Auditor said the Dept. of Public Safety had shown him some homeland security funding that wasn't being spent properly. In light of this recent conversation and in making sure this grant (JFO #2226) is being spent properly, Rep. Obuchowski would like to see a budget for this.

Please cc me on your response to Rep. Obuchowski. Thank you.--Becky

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Page 1

From:

Michael Obuchowski

To:

Rebecca Buck

Date:

10/3/2005 8:07:54 AM

Subject:

Fwd:

>>> "Chris Reinfurt" <creinfur@dps.state.vt.us> 10/1/2005 8:13 AM >>> Dear Representative Obuchowski,

At the request of Commissioner Sleeper I am responding to your questions in reference to the recently reviewed Homeland Security Buffer Zone Protection Plan Grant (JFO#2226). The Buffer Zone Protection Plan is a special program designed to reduce vulnerabilities of sites designated in each state that meet the criteria set out by the Department of Homeland Security.

The purpose of the plans are to extend a "buffer zone" around the areas designated as critical in each of the states to reduce their vulnerabilities. These seven sites must be crucial in terms of national-level public health and safety, governance, economic and national security and public confidence consequences. The seven sites that meet the criteria set forth by DHS are all privately owned by three corporations but the response to these sites in emergencies fall upon the local communities. It is our intentions to fund the needs of local and state responders to these sites in case of an emergency.

The seven sites include five electrical sub-stations owned by Velco, VY-Yankee, and IBM. Many of these sites are already well protected and need no further upgrades. The responders to these sites have requested equipment in the form of communications (interoperability), bomb mitigation, and other equipment that would enhance their response should an emergency arise at these sites.

There are other important sites that did not fall within DHS' criteria for the BZPP. They include the State Capital, Hospitals, and State, Federal, and local facilities. Many of these sites have upgraded their security through "Regular" Homeland Security Grants, Regular state and local funds, and other Federal Grants such as CDC and HRSA (VDH Grants). The Vermont State Police has also designated other areas in each of the Public Safety Districts as critical areas that need special attention. They may include interstate bridges, dams, Gov't buildings, smaller industries that would have a local impact if attacked. These areas receive no funding but during times of elevation would receive some protection in the form of patrols by local and state police.

The Vermont Homeland Security currently has over 1000 sub-recipients that includes three years of grants. During that time we have found very few problems relating to the management of grants. The majority of the issues relate to small organizations that have never managed grants in the past and have not been able to keep up with the administration of the grant. The HSU has worked with these fire chiefs and ambulance services to educate and support them in these matters. This year a confidential source contacted me in my capacity as a police officer and the Director of HS. The confidential source indicated that they felt that their organization was improperly using HS grants that may rise to a criminal matter but they wanted our review. After reviewing the information and consulting with appropriate federal law enforcement it was felt that the best course of action would be to conduct an audit and if any criminal conduct was discovered an investigation would be requested. At this time I would respectfully request that this matter remain confidential as it is not clear yet if there is any misconduct/criminal intentions.

Should you have any further questions please feel free to contact me. Respectfully. Chris.

Captain Chris Reinfurt Director, Homeland Security Unit Vermont State Police 103 So. Main Street Waterbury, Vt. 05671 (802) 241-5357 (802) 241-5349-fax

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From:

Michael Obuchowski

To:

Rebecca Buck

Date:

10/3/2005 8:07:54 AM

Subject:

Fwd:

>>> "Chris Reinfurt" <creinfur@dps.state.vt.us> 10/1/2005 8:13 AM >>> Dear Representative Obuchowski,

At the request of Commissioner Sleeper I am responding to your questions in reference to the recently reviewed Homeland Security Buffer Zone Protection Plan Grant (JFO#2226). The Buffer Zone Protection Plan is a special program designed to reduce vulnerabilities of sites designated in each state that meet the criteria set out by the Department of Homeland Security.

The purpose of the plans are to extend a "buffer zone" around the areas designated as critical in each of the states to reduce their vulnerabilities. These seven sites must be crucial in terms of national-level public health and safety, governance, economic and national security and public confidence consequences. The seven sites that meet the criteria set forth by DHS are all privately owned by three corporations but the response to these sites in emergencies fall upon the local communities. It is our intentions to fund the needs of local and state responders to these sites in case of an emergency.

The seven sites include five electrical sub-stations owned by Velco, VY-Yankee, and IBM. Many of these sites are already well protected and need no further upgrades. The responders to these sites have requested equipment in the form of communications (interoperability), bomb mitigation, and other equipment that would enhance their response should an emergency arise at these sites.

There are other important sites that did not fall within DHS' criteria for the BZPP. They include the State Capital, Hospitals, and State, Federal, and local facilities. Many of these sites have upgraded their security through "Regular" Homeland Security Grants, Regular state and local funds, and other Federal Grants such as CDC and HRSA (VDH Grants). The Vermont State Police has also designated other areas in each of the Public Safety Districts as critical areas that need special attention. They may include interstate bridges, dams, Gov't buildings, smaller industries that would have a local impact if attacked. These areas receive no funding but during times of elevation would receive some protection in the form of patrols by local and state police.

The Vermont Homeland Security currently has over 1000 sub-recipients that includes three years of grants. During that time we have found very few problems relating to the management of grants. The majority of the issues relate to small organizations that have never managed grants in the past and have not been able to keep up with the administration of the grant. The HSU has worked with these fire chiefs and ambulance services to educate and support them in these matters. This year a confidential source contacted me in my capacity as a police officer and the Director of HS. The confidential source indicated that they felt that their organization was improperly using HS grants that may rise to a criminal matter but they wanted our review. After reviewing the information and consulting with appropriate federal law enforcement it was felt that the best course of action would be to conduct an audit and if any criminal conduct was discovered an investigation would be requested. At this time I would respectfully request that this matter remain confidential as it is not clear yet if there is any misconduct/criminal intentions.

Should you have any further questions please feel free to contact me. Respectfully. Chris.

Captain Chris Reinfurt
Director, Homeland Security Unit
Vermont State Police
1 03 So. Main Street
Waterbury, Vt. 05671
(802) 241-5357
(802) 241-5349-fax



STATE OF VERMONT GRANT ACCEPTANCE FORM

JHO #2226

DEPARTMENT: Public Safety

DATE: August 25, 2005

GRANT/DONATION: Office for Domestic Preparedness FY 2005 Buffer Zone Protection

Program

GRANTOR/DONOR: US Department of Homeland Security, Office of State and Local

Government Coordination and Preparedness

GRANT PERIOD: April 1, 2005 - March 31, 2006

AMOUNT/VALUE:

Grants:

\$ 350,000

Federal Funding

\$ 350,000

POSITIONS REQUESTED (LIMITED SERVICE): None

ANY ON-GOING, LONG-TERM COSTS TO THE STATE: None.

COMMENTS:

Grant will provide funding for seven (7) Critical Infrastructure and Key Resource (CI/KR) sites in Vermont, principally around power generation facilities and the IBM plant in Essex. A list is included in the Program Narrative.

I recommend acceptance of this grant. \mathcal{N}

DEPT. FINANCE AND MANAGEMENT: SECRETARY OF ADMINISTRATION:

SENT TO JOINT FISCAL OFFICE:

(INITIAL)

(DATE)

Low County State

SEP 1 9 2005

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE

AA1 00-6

(use additional sheets as needed)

Page 1 Form AA-1 1. Agency: Department of Public Safety 2. Department: Homeland Security Unit 3. Program: ODP FY 2005 Buffer Zone Protection Program 4. Legal Title of Grant: 5. Federal Catalog Number: 97.078 Department of Homeland Security 6. Grantor and Office Address: Office of State and Local Government Coordination and Preparedness 245 Murray Lane, Bldg. #410 Washington, DC 20523 6/24/2005 To: 6/23/2006 7. Grant Period: From:

8. Purpose of Grant: (attach additional sheets if needed)

Funds for equipment, management, and administration costs to enhance protection efforts around Critical Infrastructure and Key Resource sites in Vermont that have been identified by DHS and the State of VT. There are seven sites that have been identified needing Buffer Zone Protection Plans.

9. Impact on existing programs if grant is not accepted:

This program will support national homeland security efforts by enhancing the coordination of federal, state, and local efforts to develop and implement protective actions at CI/KR sites acrross the country in order to better safeguard the nation and minimuze the potential for terrorist attacks.

10. Budget Information		(1st State FY) FY 2006	(2nd State FY) FY 2007	(3rd State FY) FY 2008	
Expenditures:			•		
Personal Services					
Operating Expense	•		•		
Grants		\$350,000			
Other					
Total	-	\$350,000	\$0	\$0	
Revenues:					
State Funds:					
Cash					
In-Kind					
Federal Funds		\$350,000	\$0	\$0	
Direct Costs				•	
Statewide Indirects			•		
Dept Indirects					
Other Funds				•	
(Specify: Local Match)	_				
Total		\$350,000	\$0	\$0	
Grant will be allocated to these	Business Unit	FUND	DEPTID	Amount	
appropriation expenditure accounts:	02140	22005	2140070000	\$350,000	

Form AA-1	Page 2
11. Will grant monies be spent by one or more ☐ YES ☑ NO	personal services contracts?
If YES, signature of appointing authority here in	ndicates intent to follow current guidelines on bidding
.n/a	1
12a. Please list any requested sponsored positi	ions:
Position Titles:	Number of Positions:
n/a	
Total	
12b. Equipment and space for these positions: Is presently available Can be obtained with available funds No equipment and/or space is required for this g	
13. Signature of Appointing Authority:	X £07 1.1
I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant.	(Signature) (Date)
14. Action by the Governor: Approved	Pannin 2 9/13/05
Rejected	(Signature) (Date)
15. Action by the Secretary of Administration: Request action by JFO Information to JFO	(Signature) G/7/c: (Date)
16. Action by the Joint Fiscal Committee:	(Dates)
Request placed on JFC Agenda Approved (not placed on Agenda in 30 da Approved by JFC	ays)
Rejected by JFC Approved by Legislature	
(Signature)	(Date)

formaa1.xls/trn/02201999



Department of Homeland Security

Office of State and Local Government Coordination and Preparedness

June 24, 2005

Washington, D.C. 20531

Mr. Kerry Sleeper Vermont Department of Public Safety 103 South Main Street Waterbury, VT 05671-2101

Dear Mr. Sleeper:

I am pleased to inform you that the Office of State and Local Government Coordination and Preparedness has approved the application for funding under the DHS FY 2005 Buffer Zone Protection (BZP) Program in the amount of \$350,000 for Vermont Department of Public Safety. Through this accord, the State of Vermont Department of Public Safety will use grant funding in the amount of \$350,000 from the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) for costs related to equipment, management, and administration of protective actions aimed at protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource (Cl/KR) sites. This program will support national homeland security efforts by enhancing the coordination of federal, state, and local efforts to develop and implement protective actions at Cl/KR sites across the country in order to better safeguard the nation and minimize the potential for terrorist attacks.

Enclosed you will find the Grant Award and Special Conditions documents. This award is subject to all administrative and financial requirements, including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of cash-on-hand. Should you not adhere to these requirements, you will be in violation of the terms of this agreement and the award will be subject to termination for cause or other administrative action as appropriate.

If you have questions regarding this award, please contact:

- Program Questions, James M. Mullikin, Program Manager at (202) 786-9684; and
- Financial Questions, the Office of the Comptroller, Customer Service Center (CSC) at (800) 458-0786, or you may contact the CSC at ask.oc@usdoj.gov.

Congratulations, and we look forward to working with you.

Sincerely,

Matt A. Mayer

Acting Executive Director, SLGCP

Enclosures

		1
Department of Homeland Security Office of State and Local Government Coordination and	Connect	PAGE 1 OF 3
Preparedness	Grant	
AND SE		
CAN THE VICE OF THE CONTRACT O	·	
. RECIPIENT NAME AND ADDRESS (Including Zip Code)	4. AWARD NUMBER: 2005-GR-T5-0071	
Vermont Department of Public Safety	· · · · · · · · · · · · · · · · · · ·	
103 South Main Street Waterbury, VT 05671-2101	5. PROJECT PERIOD: FROM 04/01/2005	TO 03/31/2006
	BUDGET PERIOD: FROM 04/01/2005	TO 03/31/2006
	CANARD DATE OCCAMOS	
	6. AWARD DATE 06/24/2005	7. ACTION
A. GRANTEE IRS/VENDOR NO. 036000274	8. SUPPLEMENT NUMBER 00	Initial
050000274	00	
	9. PREVIOUS AWARD AMOUNT	\$ 0
. PROJECT TITLE	10. AMOUNT OF THIS AWARD	\$ 350,000
Office for Domestic Preparedness Fiscal Year 2005 Buffer Zone		. 9 220,000
Protection Program	II. TOTAL AWARD	\$ 350,000
2. SPECIAL CONDITIONS		
THE ABOVE GRANT PROJECT IS APPROVED SUBJECT TO SUCH ON THE ATTACHED PAGE(S). 3. STATUTORY AUTHORITY FOR GRANT	H CONDITIONS OR LIMITATIONS AS ARE SET FOR	тн
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OJP FORM 4000/2 (REV. 5-87) PREVIOUS EDITIONS ARE OBSOLETE.

* DHS must sirirde written appirotal of Completed B2P of VLPP for each site before funds may be volgated, dawn down, er expended.

+ level of Performance is
12 months from the date
of the grant award.
6/04/05-6/22/06
4. must be enleved in interest
beaung account



Department of Homeland Security Office of State and Local Government Coordination and Preparedness

AWARD CONTINUATION SHEET

Grant

PAGE 2 OF 3

PROJECT NUMBER

2005-GR-T5-0071

AWARD DATE

06/24/2005

SPECIAL CONDITIONS

- The recipient agrees to comply with the financial and administrative requirements set forth in the current edition of the Office of Justice Programs (OJP) Financial Guide.
- The recipient agrees to comply with the organizational audit requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as further described in the current edition of the OJP Financial Guide, Chapter 19.
- 3. Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the enactment, repeal, modification or adoption of any law, regulation or policy, at any level of government, without the express prior written approval of ODP.
- The recipient further agrees to comply with the standards put forth in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.
- 5. The recipient agrees that federal funds under this award will be used to supplement, but not supplant, state or local funds for homeland security preparedness.
- 6. The recipient agrees that all allocations and use of funds under this grant will be in accordance with the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) Guidelines and Application Kit and must support the goals and objectives included in the State and/or Urban Area Homeland Security Strategies.
- 7. If the recipient chooses to prioritize their Buffer Zone Protection Program (BZPP) identified sites, the prioritization list must be submitted to DHS/SLGCP for approval within 60 days of the award date.
- 8. When implementing SLGCP funded activities; the recipient must comply with all federal civil rights laws, to include Title VI of the Civil Rights Act, as amended. The recipient is required to take reasonable steps to ensure persons of limited English proficiency have meaningful access to language assistance services regarding the development of proposals and budgets and conducting DHS/SLGCP funded activities.
- 9. The recipient agrees that all publications created with funding under this grant shall prominently contain the following statement: "This Document was prepared under a grant from the United States Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of the U.S. Department of Homeland Security."
- 10. The recipient agrees that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: "Purchased with funds provided by the U.S. Department of Homeland Security."
- 11. The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.
- 12. Approval of this award does not indicate approval of any consultant rate in excess of \$450 per day. A detailed justification must be submitted to and approved by SLGCP prior to obligation or expenditure of such funds.





Department of Homeland Security Office of State and Local Government Coordination and Preparedness

AWARD CONTINUATION SHEET

Grant

PAGE 3 OF 3

PROJECT NUMBER

2005-GR-T5-0071

AWARD DATE

06/24/2005

SPECIAL CONDITIONS

- 13. The recipient acknowledges that DHS reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for federal government purposes: (1) the copyright in any work developed under an award or subaward; and (2) any rights of copyright to which a recipient or subrecipient purchases ownership with federal support. The recipient agrees to consult with DHS regarding the allocation of any patent rights that arise from, or are purchased with this funding.
- 14. The recipient understands that funding from the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) can only be used for costs related to equipment, management, and administration of protective actions aimed at protecting, securing, and reducing the vulnerabilities around the identified critical infrastructure and key resource (CI/KR) sites.
- 15. Funding from the FY05 Buffer Zone Protection Program (BZPP) is reserved for the acquisition and use of the allowable materials, equipment, and resources identified in the BZP and resulting Vulnerability Reduction Purchase Plan (VRPP), as necessary to implement protective measures that will reduce vulnerabilities around CI/KR sites. States and jurisdictions must have DHS/SLGCP's written approval of the BZP and VRPP and notification that all program requirements have been met for each site before FY05 BZPP funds for that site may be obligated, expended, or passed-through by the State to the responsible jurisdiction of that site.
- 16. Federal grant money cannot be used for the improvement of federal buildings or for other activities that solely benefit the federal government. In the case of federal Buffer Zone Protection Program (BZPP) sites, the grantees may improve the perimeter, but cannot improve the federal facility, i.e., they cannot permanently improve the federal property.
- 17. All Buffer Zone Protection Program (BZPP) materials, including prioritization lists, Buffer Zone Plans (BZPs), and Vulnerability Reduction Purchase Plans (VRPPs), submitted to DHS must be marked "For Official Use Only" (FOUO) and bear the following statement, "This information is voluntarily submitted to the federal government in expectation of protection from disclosure as provided by the provisions of the Critical Infrastructure Information Act of 2002."

 These materials and site lists may not be distributed to anyone outside those entities working in an official capacity to manage, develop, and implement the BZPP at the identified sites. All BZPP generated materials must also be clearly labeled and distributed according to the requirements listed in page 17 of the FY 2005 BZPP Guidelines and Application Kit.
- 18. All email correspondence, between the grantee and DHS, related to the application, submission, approval, and/or revision of Buffer Zone Plans (BZPs), and Vulnerability Reduction Purchase Plans (VRPPs) must carbon copy the BZPP@dhs.gov email address. This will assist and support DHS with the logging, tracking, and related reporting requirements for the Buffer Zone Protection Program (BZPP). However, the actual BZPs and VRPPs should never be sent via email.





Department of Homeland Security

GRANT MANAGER'S MEMORANDUM, PT. I: PROJECT SUMMARY

Grant .

Office of State and Local Government Coordination and Preparedness

PROJECT NUMBER 2005-GR-T5-0071

PAGE 1 OF 1

This project is supported under Public Law 108-334, Department of Homeland Security Appropriations Act of 2005

1. STAFF CONTACT (Name & telephone number)

James M. Mullikin (202) 786-9684 2. PROJECT DIRECTOR (Name, address & telephone number)

Melissa Jenkins Grants Manager 103 South Main Street Waterbury, VT 05671-2101 (802) 241-5315

3a. TITLE OF THE PROGRAM

DHS FY 2005 BZP Program

3b. POMS CODE (SEE INSTRUCTIONS ON REVERSE)

4. TITLE OF PROJECT

Office for Domestic Preparedness Fiscal Year 2005 Buffer Zone Protection Program

Vermont Department of Public Safety 103 South Main Street Waterbury, VT 05671-2101

5. NAME & ADDRESS OF GRANTEE

7. PROGRAM PERIOD

FROM:

04/01/2005

TO: 03/31/2006

8. BUDGET PERIOD FROM:

04/01/2005

TO: 03/31/2006

9. AMOUNT OF AWARD

\$ 350,000

10. DATE OF AWARD

06/24/2005

11. SECOND YEAR'S BUDGET

12. SECOND YEAR'S BUDGET AMOUNT

6. NAME & ADRESS OF SUBGRANTEE

13. THIRD YEAR'S BUDGET PERIOD

14. THIRD YEAR'S BUDGET AMOUNT

15. SUMMARY DESCRIPTION OF PROJECT (See instruction on reverse)

Through this accord, the State of Vermont Department of Public Safety will use grant funding in the amount of \$350,000 from the Fiscal Year 2005 Buffer Zone Protection Program (BZPP) for costs related to equipment, management, and administration of protective actions aimed at protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource (CI/KR) sites. This program will support national homeland security efforts by enhancing the coordination of federal, state, and local efforts to develop and implement protective actions at CI/KR sites across the country in order to better safeguard the nation and minimize the potential for terrorist attacks.



The State of Vermont Department of Public Safety Fiscal Year 2005 Bi-Annual Strategy Implementation Reports (BSIR) provide a basis for DHS to evaluate the progress of implementing the BZPP with the State and/or Urban Area Homeland Security Strategy. DHS will conduct grant program monitoring activities as an additional evaluation component to help further evaluate the program's efforts to reduce the vulnerabilities of the identified CI/KR sites, and gauge the effectiveness of the state's homeland security implementation efforts.

KT.

APPLICATION FOR FEDERAL ASSISTANCE	2. DATE SUBMITTED	Applicant Identifier
1. TYPE OF SUBMISSION	3. DATE RECEIVED BY STATE	State Application Identifier
Application Non-Construction	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5.APPLICANT INFORMATION	<u>-1</u> 1	
Legal Name		Organizational Unit
Vermont Department of Public S	afety	Homeland Security Unit
Address 103 South Main Street Waterbruy, Vermont		Name and telephone number of the person to be contacted on matters involving this application
05671-2101	Jenkins, Melissa (802) 241-5315	
6. EMPLOYER IDENTIFICATI	ON NUMBER (EIN)	7. TYPE OF APPLICANT
03-6000274		State
8. TYPE OF APPLICATION	1	9. NAME OF FEDERAL AGENCY
New		Office of State and Local Government Coordination and Preparedness
10. CATALOG OF FEDERAL D	OOMESTIC ASSISTANCE	11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT
NUMBER: 97.078 CFDA TITLE: Buffer Zone	e Protection Program	Office for Domestic Preparedness Fiscal Year 2005 Buffer Zone Protection Program
12. AREAS AFFECTED BY PRO	OJECT	
State of Vermont		
13. PROPOSED PROJECT	01, 2005	14. CONGRESSIONAL DISTRICTS OF
End Date: April	30, 2006	a. Applicant b. Project VT00
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT
Federal	\$350,000	TO REVIEW BY STATE EXECUTIVE ORDER 12372
Applicant	\$0	PROCESS?
State	\$0	

Local	\$0	Program is not covered by E.O.	
Other	\$0	12372	
Program Income	\$0	17. IS THE APPLICANT DELINQUENT ON ANY	
TOTAL	\$350,000	FEDERAL DEBT?	
		N	

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS REQUIRED.

Close Window

State of Vermont - FY 2005 ODP Buffer Zone Protection Program Application

DUNS Number: 80-937-6692 Application #: 2005-V0241-VT-GE

Fiscal Year 2005 ODP Buffer Zone Protection Program

Program Narrative

The President's National Strategy for the Physical Protection of Critical Infrastructure and Key Assets (CI/KA) of February 2003, directed the development of a comprehensive national approach to physical protection. The Vermont Department of Public Safety Homeland Security Unit (HSU) in coordination with the Federal Department of Homeland Security (DHS), Vermont Emergency Management, our local, state and private industry partners has worked diligently to develop Buffer Zone Protection Plans (BZPP's) for the seven sites identified and approved by DHS.

For the last year, HSU contractors and our energy sector partners have been working together to develop these plans that are designed to put into place effective protective measures that will make it more difficult for terrorists to conduct surveillance or launch attacks from the immediate vicinity of CI/KA. The state of Vermont has identified seven (7) sites that are in need of a BZPP. They are:

- 1. Coolidge Power Generating Facility- Proctorsville, VT
- 2. Essex Power Generating Facility Williston, VT
- 3. Highgate Converter Station Milton, VT
- 4. Milton Power Generating Facility Milton, VT
- 5. West Rutland Power Generating Facility West Rutland, VT
- 6. Vermont Yankee Nuclear Power Plant Vernon, VT
- 7. IBM Essex, VT

In our strategy to develop and implement these BZPP's, we will be utilizing the federal funding provided through this program to better protect this CI/KA from terrorist attacks. We will be providing each site with the prescribed \$50,000.00 and at this time will not be prioritizing levels of funding. However, it is out intent to purchase equipment that fits within our state strategy, is in keeping with our state wide "all hazards" emergency response approach and can be utilized on a state wide basis.

To date, the state of Vermont is making the needed changes required by DHS to complete the Vulnerability Reduction Payment Plan (VRPP) on the five BZPP's that have been completed. In addition, work is underway to complete the remaining two BZPP's and we fully intend to complete these plans well within required time frames.

STANDARD ASSURANCES

The Applicant hereby assures and certifies compliance with all applicable Federal statutes, regulations, policies, guidelines, and requirements, including OMB Circulars A-21, A-87, A-102, A-110, A-122, A-133; Ex. Order 12372 (intergovernmental review of federal programs); and 28 C.F.R. pts. 66 or 70 (administrative requirements for grants and cooperative agreements). The applicant also specifically assures and certifies that:

- 1. It has the legal authority to apply for federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay any required non-federal share of project cost) to ensure proper planning, management, and completion of the project described in this application.
- 2. It will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
- 3. It will give the awarding agency or the General Accounting Office, through any authorized representative, access to and the right to examine all paper or electronic records related to the financial assistance.
- 4. It will comply with all lawful requirements imposed by the awarding agency, specifically including any applicable regulations, such as 28 C.F.R. pts. 18, 22, 23, 30, 35, 38, 42, 61, and 63.
- 5. It will assist the awarding agency (if necessary) in assuring compliance with section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. § 470), Ex. Order 11593 (identification and protection of historic properties), the Archeological and Historical Preservation Act of 1974 (16 U.S.C. § 469 a-1 et seq.), and the National Environmental Policy Act of 1969 (42 U.S.C. § 4321).
- 6. It will comply (and will require any subgrantees or contractors to comply) with any applicable statutorily-imposed nondiscrimination requirements, which may include the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3789d); the Victims of Crime Act (42 U.S.C. § 10604(e)); The Juvenile Justice and Delinquency Prevention Act of 2002 (42 U.S.C. § 5672(b)); the Civil Rights Act of 1964 (42 U.S.C. § 2000d); the Rehabilitation Act of 1973 (29 U.S.C. § 794); the Americans with Disabilities Act of 1990 (42 U.S.C. § 12131-34); the Education Amendments of 1972 (20 U.S.C. §§1681, 1683, 1685-86); and the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07); see Ex. Order 13279 (equal protection of the laws for faith-based and community organizations).

7. If a governmental entity:

- a. it will comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. § 4601 et seq.), which govern the treatment of persons displaced as a result of federal and federally-assisted programs; and
- b. it will comply with requirements of 5 U.S.C. §§ 1501-08 and §§ 7324-28, which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by federal assistance.

U.S. DEPARTMENT OF JUSTICE OFFICE OF JUSTICE PROGRAMS OFFICE OF THE COMPTROLLER

CERTIFICATIONS REGARDING LOBBYING; DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG-FREE WORKPLACE REQUIREMENTS

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Applicants should also review the instructions for certification included in the regulations before completing this form. Signature of this form provides for compliance with certification requirements under 28 CFR Part 69, "New Restrictions on Lobbying" and 28 CFR Part 67, "Government-wide Debarment and Suspension (Nonpro-curement) and Government-wide Requirements for Drug- Free Workplace (Grants)." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Justice determines to award the covered transaction, grant, or cooperative agreement.

- 1. LOBBYING As required by Section 1352, Title 31 of the U.S. Code, and implemented at 28 CFR Part 69, for persons entering into a grant or cooperative agreement over \$100,000, as defined at 28 CFR Part 69, the applicant certifies that:
- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for in-fluencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in con-nection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities," in accordance with its instructions:
- (c) The undersigned shall require that the language of this cer-tification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all sub-recipients shall certify and disclose accordingly.
- 2. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (DIRECT RECIPIENT)

As required by Executive Order 12549, Debarment and Suspension, and implemented at 28 CFR Part 67, for prospective participants in primary covered transactions, as defined at 28 CFR Part 67, Section 67.510

- A. The applicant certifies that it and its principals:
- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;

- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default; and
- B. Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.
- 3. DRUG-FREE WORKPLACE (GRANTEES OTHER THAN INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988, and implemented at 28 CFR Part 67, Subpart F, for grantees, as defined at 28 CFR Part 67 Sections 67.615 and 67.620

- A. The applicant certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an on-going drug-free awareness program to inform employees about
- (1) The dangers of drug abuse in the workplace;
- (2) The grantee's policy of maintaining a drug-free workplace;
- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
- (1) Abide by the terms of the statement; and
- (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency, in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to: Department of

Justice, Office of Justice Programs, ATTN: Control Desk, 633 Indiana Avenue, N.W., Washington, D.C. 20531. Notice shall include the identification number(s) of each affected grant;

- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted
- (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
- (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above certifications.



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97.078 BUFFER ZONE PROTECTION PLAN (BZPP)

FEDERAL AGENCY
DEPARTMENT OF HOMELAND SECURITY (DHS)

AUTHORIZATION

Department of Homeland Security Appropriations Act.

OBJECTIVES

The Buffer Zone Protection Plan (BZPP) will provide funding for the planning, equipment, and management of protective actions, with the objective of protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource (CI/KR) sites.

TYPES OF ASSISTANCE

Project Grants.

USES AND USE RESTRICTIONS

BZPP grant awards may be used for planning, equipment, and management of protective actions as related to the program objectives, and will be administered by the respective State Administrative Agency (SAA). The SAA will allocate BZPP funds to the jurisdiction(s) in which the CI/KR sites are located. For more detailed information concerning BZPP grant award uses and restrictions, please refer to the program solicitation guidance.

ELIGIBILITY REQUIREMENTS

Applicant Eligibility

States, as defined in the Homeland Security Act of 2002, means "any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any possession of the United States." The State's SAA is the only agency eligible to apply for FY 05 BZPP grant funds and is responsible for obligating BZPP grant awards to the responsible jurisdiction(s) that have authority over the identified CI/KR sites. The term "responsible jurisdiction" as used in the BZPP program guidance and application kit, refers to the primary agency (i.e. State, local, or tribal entity or unit of government), that has authority over the DHS identified CI/KA facility, the facility's curtilage, adjacent grounds, and/or structures.

Beneficiary Eligibility

State and local governmental jurisdiction(s) responsible for the CI/KR sites.

Credentials/Documentation

To apply for BZPP funds, the SAA must submit an online application for funding through the Office of Justice Programs (OJP) Grants Management System (GMS). For more detailed application requirements please refer to the BZPP Program Solicitation Guidance.

APPLICATION AND AWARD PROCESS

Preapplication Coordination

This program is eligible for coverage under E.O. 12372 "Intergovernmental Review of Federal Programs." An applicant should consult the office or official designated as the single point of contact in his or her State for more information on the process to be followed as required by the State in applying for assistance, if the State has selected the program for review.

Application Procedure

Applications must be submitted online using the Office of Justice Program's (OJP) Grant Management System (GMS) and must contain information and meet the requirements outlined in the FY 05 BZP solicitation program guidelines and application kit.

Award Procedure

Applicants will be notified by DHS in writing if they will receive funding, and of the eligible identified CI/KR sites.

Deadlines

Applications will be made available on March 2, 2005 and must be received by ODP no later than March 30, 2005.

Range of Approval/Disapproval Time

Office for Domestic Preparedness (ODP) will have 15 days to act on complete applications.

Appeals

None.

Renewals

An annual appropriation is anticipated for this program.

ASSISTANCE CONSIDERATIONS

Formula and Matching Requirements

For more detailed information on the funding allocation formula and criteria please refer to the BZPP program solicitation guidance.

Length and Time Phasing of Assistance

The period of performance is 12 months from the date of the grant award. .

POST ASSISTANCE REQUIREMENTS

Reports

The state and sub-grantees are responsible for providing updated obligation and expenditure information on a regular basis. States will provide consolidated information to ODP in the Categorical Assistance Progress Reports (CAPR). The CAPR is due within 30 days after the end of the bi-annual reporting period (a report is due by July 31, for the period covering January 1 through June 30; and a report is due January 31 for the period covering July 1 through December 31). Updated obligation and expenditure information must be provided with CAPRs to show progress made in meeting strategic goals and objectives. ODP will provide a web-enabled application to grantees for CAPR submission; this web application is identical to that used to submit Biannual Strategy Implementation Reports (BSIR) mandated for other ODP grant programs. Grantees will be required to submit updated BZPP Program implementation information biannually. Future awards and fund drawdowns may be withheld if these reports are delinquent. The final CAPR is due 120 days after the end date of the award period. The OJP Office of the Comptroller will provide a copy of the financial and progress report forms in the initial award package. For more detailed reporting requirements please refer to the BZPP program guidance.

Audits

In accordance with the provisions of OMB Circular A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Nonprofit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular A-133. These audits are due to the cognizant Federal agency not later than nine months after the end of the grantee's fiscal year.

Records

Financial records, supporting documents, statistical records, and all other records pertinent to a grant shall be retained for a period of at least three years after the grant has been closed or until an audit has been conducted that does not show any questionable costs.

FINANCIAL INFORMATION

Account Identification 70-0560-0-1-999.

Obligations

(Project Grants)(BZPP) FY 04 not available; FY 05 est \$92,000,000, and FY 06 est \$50,000,000.

Range and Average of Financial Assistance Amounts will vary.

PROGRAM ACCOMPLISHMENTS New program.

REGULATIONS, GUIDELINES, AND LITERATURE

For additional information on program requirements and guidance, please refer to the BZPP Program Guidelines and Application Kit.

INFORMATION CONTACTS

Regional or Local Office None.

Headquarters Office

Department of Homeland Security, Office of State and Local Government Coordination and Preparedness, Office for Domestic Preparedness (ODP), 245 Murray Lane, Bldg. #410, Washington, DC 20523. ODP's Centralized Scheduling and Information Desk (CSID) can be contacted at 1-800-368-6498, 8:00 a.m. - 7:00 p.m. (EST), Monday - Friday. or askcsid@dhs.gov.

Web Site Address

http://www.ojp.usdoj.gov/odp; http://www.dhs.gov

RELATED PROGRAMS

97.008, Urban Areas Security Initiative; 97.042, State Homeland Security Program (SHSP); 97.074, Law Enforcement Terrorism Prevention Program (LETPP).

EXAMPLES OF FUNDED PROJECTS

None.

CRITERIA FOR SELECTING PROPOSALS

Refer to the solicitation guidelines and application kit for specific grant program requirements, allowables, and guidance.

General Services Administration Office of Governmentwide Policy Office of Acquisition Policy Regulatory and Federal Assistance Publication Division (MVA) Sec. 104c. OTHER MEDICAID APPROPRIATIONS; TRANSFER;

REPORT

(a) In addition to the appropriations in this act, all other appropriations of state, federal, and special fund amounts for Medicaid programs and purposes made in the fiscal year 2006 general appropriations act, or any other act appropriating funds in fiscal year 2006, shall be transferred to the health access trust fund established by section 1972 of Title 33 for use in fiscal year 2006 by the agency of human services for purposes of the trust fund. The agency shall submit reports on any transfers made in accordance with this section to the joint fiscal committee on July 1, September 1, and November 1 for committee review and consideration at its July, September, and November 2005 committee meetings.

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zislative Documents

Sec. 138. Aging and independent living - developmental services

Grants	103,600,138
Source of funds	
General fund	41,434,699
Special funds	841,980
Federal funds	60,262,628
Interdepartmental transfer	1,060,831
Total	103,600,138

- (a) The secretary of the agency of human services and the commissioner of the department of aging and independent living shall ensure the programs funded through this appropriation meet the following requirements:
- (1) A minimum of 219 individuals under emergency caseload and a minimum of 23 individuals under public safety shall be funded.
 - (2) A minimum of 65 new "June graduates" shall be served.
- (3) The funding level available to the flexible family funding program shall be at least equal to the amount available to this program in fiscal year 2005, which was \$1,086,890, including any federal match. If federal receipts are gained through the Global Commitment, eligibility for flexible family funding will require eligibility for Medicaid; the department may make exceptions to this on a case-by-case basis. The anticipated waiting list for developmental services will be 31 or fewer, depending on the number of graduates who exit school.
 - (b) The commissioner of finance and management, the secretary of human services, and the

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commissioner of aging and independent living shall report to the joint fiscal committee at its September and November meetings as to the fiscal and program implications of meeting the requirements of subsection (a) of this section. The report shall include a review of the fiscal year 2006 inflationary increase available to the designated provider agencies for developmental services and the impact on any other division or department with the agency

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Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • 802) 828-2295 • Fax: 802) 828-2483

MEMORANDUM

To:

Joint Fiscal Committee

From:

Stephen A. Klein

Date:

November 9, 2005

Subject:

Fiscal Officer's Report

The Joint Fiscal Committee meeting of November 17^{th} will run from 9:30-12:45. The Global Commitment discussion scheduled for after 11:30 will be preliminary, final approval will take place at a subsequent Joint Fiscal meeting on November 30^{th} . Details are below in the second section of this report.

1. Fiscal Year 2006 Revenues and Expenditures

a) Monthly Revenue Tracking -

General Fund: Based on monthly targets through the first four months of the fiscal year, general fund revenues are \$18 million over targets. While this is good news it will not necessarily translate into a revenue upgrade of this magnitude. The revenue strength is in corporate tax and estate tax revenue. Corporate tax revenues are volatile. The extra estate tax revenues are largely due to one large estate. It is likely that about \$9 million of the excess will be transferred to the Higher Education Trust Fund at the end of the fiscal year. The more important tax sources are less positive. Personal income tax receipts are 1.5% below estimates. Sales and use and rooms and meals are on target. The good news is we will have more revenue in FY 2006 but FY 2007 may not see a similar increase.

Transportation Fund: The transportation fund is on target through the first four months of the fiscal year. At this point there is no clear direction as to a January update and while there will be source differences, overall there appears to be little revenue change.

Education Fund: The education fund is \$1 million, or 2%, over forecast. The sales and use tax and the lottery are sources of this overage. Again it is too early to identify any trends for the January forecast revision.

b) Education Fund Developments – We will be inviting Tax Commissioner Pelham to talk about the December 1, statewide property tax rate change. It appears that the tax rate change will be lower than was initially estimated at the September JFC meeting. The likely reduction from FY 2006 is in the \$.01 - \$.03 cents range, or a \$1.00 tax rate. One reason for this is a lower balance in the education fund to reduce taxes due to higher inflation increasing the size of the base educational payment to school

districts. As the base educational payment per student goes up the cost to the residential taxpayers is reduced. The final numbers are still under development.

2. Global Commitment/Medicaid, Medicare Part D, and Health Care Reform:

- a) Global Commitment/Medicaid The Administration has asked the JFC to postpone a final vote on Global Commitment until after Thanksgiving. The reason for this postponement is a delay in the premium information from the actuary. The actuary is expected to give AHS its premium calculation on Nov. 18th and is expected to deliver this information to the JFO by the close of business on Nov. 22nd. As we will have the information the day before Thanksgiving, our plan is to review it in time for a Joint Fiscal Committee meeting now scheduled for 1:00 pm on Wednesday, Nov. 30th. The actuary delay is a change due in part to different analysis requests by CMS regional offices and national offices. These are in the process of being resolved. At the Nov. 17th meeting we will go over the other four conditions contained in the Sept. 30th approval motion which can be addressed without premium information. We can assess any additional information needs and determine if these four conditions are satisfied. A copy of the final motion is included with the materials.
- b) Baseline changes in deficit projections The baseline deficit Vermont will face in its Medicaid program continues to be impacted by a number of factors. At the last Fiscal Committee meeting we reported that the projected deficit had been reduced by a revised federal Medicaid match rate. Recent reports indicate that the clawback may be less costly than anticipated. On the other hand, caseload costs are running over expectations and we have yet to see what "woodwork" effects will take place because of Medicare Part D. As people sign up for Medicare Part D we may find they are eligible for Medicaid and will automatically be enrolled. Stephanie Barrett and Don Dickey will report on this at the meeting.
- c) Medicare Part D implementation: Medicare Part D implementation is gearing up in the next few weeks. Vermonters are faced with choices between 44 plans. Subsidized dual-eligibles and VHAP pharmacy program participants will be auto enrolled by a process of random assignment to one of the 11 plans that offer standard coverage. Random assignment means individuals may find that the plan to which they are assigned is not ideal in regard to the plan formulary meeting individual prescription needs. This means that the implementation process will extend into next year at the least. Also, with this many plans, there is a strong likelihood that there will be some consolidation after the first year. We anticipate a significant amount of enrollees switching plans in the course of the first year of this program. We will have a short update on Medicare Part D implementation at the meeting.
- d) Health Care Reform Ken Thorpe will be meeting with the Health Care Reform Commission on Tuesday, November 15th. He has also planned meetings with groups of doctors, health care IT professionals and others on Monday. There will be an additional meeting with Ken Thorpe in December.

3. Summer Study Activity

- a) The House Judiciary Health Committee Maria Belliveau has worked on a fiscal analysis of the Administration's proposal on civil commitment legislation aimed at sex offenders and violent criminals. Copies are on our Web page.
- b) Economic Development Study Mark Perrault has been staffing the Economic Development Study Committee. They are developing a final report which will look at the tax department proposal which was before the legislature last year.
- c) The Teachers Retirement Funding Commission The Teachers Retirement Study Committee is considering a revised formula for determining actuarial liability. The revision reduces the annual contribution necessary to fully fund the system. Even with this reduction the FY 07 funding gap is approximately \$14 million. Without the change in actuarial approach the gap would be closer to \$34 million.
- d) House Legislative Study Committee on Income-Based Education Property Tax.

 The Committee presented two alternative proposals for reform of the income-based education tax system at a public hearing at the State House on November 7th. A final report on the Committee's recommendations to the House Committee on Ways & Means and the Senate Finance Committee is currently being drafted. Mark Perrault is staffing this committee.

4. Other Meeting Updates:

- a) Fiscal Pressures Finance Commissioner Reardon will be providing the Committee with an update of budget adjustment fiscal pressures and the Administration's approach to building the FY 2007 budget.
- b) LIHEAP The Emergency Board approved up to \$6.7 million in general funds for LIHEAP expenditures which will be used as necessary to keep the state's support at 62% of Vermont's heating bill this winter. Another \$3.5 million will be transferred from the Weatherization Trust Fund.
- c) Homeland Security Executive Session As part of the Nov. 17th meeting we will be having an executive session regarding a JFC-approved grant to provide security improvements at seven Vermont sites. While JFC approved the expenditure, it was done with the understanding that committee members would be briefed in a closed meeting.
- d) Transportation Project Costs Update In the first three months of the fiscal year transportation bids were coming in over expectations. This trend appears to have leveled off. This is due to AOT revising its cost expectations to reflect current economic conditions and also the fact that while fuel prices are up, steel prices have dropped sharply. The Joint Transportation Committee will continue to monitor this.
- e) Developmental Services Report Pursuant to Sec. 138 (b) of Act 71 of 2005 the Department of Aging and Independent Living another update on the developmental services funding is included with the agenda under "Reports for Information."

5. Joint Fiscal Office Updates:

- a) Budget System Development Richard Reed and Stephanie Barrett have been meeting with administration staff to align budget system development plans. We are awaiting access to the system from Utah's fiscal office which will likely serve as a base for our system development.
- b) JFO Medicaid staff hire Donald Dickey has been hired as the Medicaid "Global Commitment" implementation staff. He is an attorney most recently working in the New Hampshire Medicaid program on Medicare Part D implementation. He has worked for the Roberts Wood Johnson Foundation in health care policy and before that has worked at the federal level as an attorney for CMS.
- c) Other Administration changes Dave Yacavone has moved from the position of Director of Administrative Services in the Agency of Human Services to AHS' field services director for Lamoille County.

1 BALDWIN STREET, DRAWER 33 MONTPELIER, VT 05633-5701



MEMORANDUM

To: Jim Reardon, Commissioner;

Jason Aronowitz, Analyst

From: Stephen A. Klein, Fiscal Officer

Date: October 20, 2005

Subject: Joint Fiscal Committee FY 2007 Budget

First of all we are sorry for the delay in developing our FY 2007 budget. As you are aware, we had a number of Fiscal Committee decisions which impacted our budget development process and kept us in the formative stage throughout much of October. Most noticeable of these were:

- The September hiring of a consultant on Global Commitment HMA (Health Management Associates) which impacted our FY 2006 carryforward expectations.
- The September 30th decision to hire a Medicaid/GC analyst for one year impacting FY 2006 and FY 2007 budget needs.
- The commitment of a portion of Catherine Benham's time in FY06 and FY07 to the Health Care Commission to assist them with their deliberations and management and the resulting financial transfer to our budget.

We have had a chance to review these budgetary changes and are now able to make the following budget projections:

- We are not requesting any budget adjustment for FY06.
- Our FY07 request to the Joint Fiscal Committee and the Appropriations Committees looks like it will be roughly \$1,151,604 (\$33,231 or 3% higher than our FY06 base of \$1,118,373) This figure reflects the FY06 base plus the roll out of pay act and other inflationary increases including health insurance and fee for space.
- We recognize that our plan for FY07 relies on the use of one time carryforward and transferred funds to meet our budget needs. However as we consider FY08, we see some offsets as the budget IT project will hopefully be winding down.
- As you know, this budget projection is subject to further legislative action on health care or other areas.

We appreciate your incorporation of this request into the Administration's proposed budget.

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Total Expenditures		930,672	943,175		1,130,923	1,130,923
Total Expenditures 1,003,243 1,033,441 1,168,372 1,218,754 1,218,754 APPROPRIATIONS FY 2004 Actuals FY2005 Actual FY2006 Proj 10/20/05 w Pay Act w Pay Act w Pay Act Admin Target FY 2007 IFO Request FY 2007 General Fund 787,290 831,789 982,901 1,118,373 1,151,604 Transportation Fund 167,300 134,395 135,472 135,472 135,472 146,404 1,118,373 1,151,604 1,151,604 1,118,373 1,151,604	Operating Expenses	72,571	90,266	90,901	87,831	87,831
APPROPRIATIONS FY 2004 Actuals Actuals Proj 10/20/05 w Pay Act Transportation Fund 787,290 831,789 982,901 1,118,373 1,151,604 1,118,373 1,151,604 Transportation Fund Health Access 25,000 134,395 135,472 135,472 1,118,373 1,151,604 Total Big Bill /BA 954,590 991,184 22,000 28,031 1,118,373 1,151,604 Pay Act Allocation 0 22,098 28,031 Total Base Appropriations 954,590 1,013,282 1,146,404 1,118,373 1,151,604 1,118,373 1,151,604 Surplus/(Deficit) (48,653) (20,159) (21,968) (100,381) (67,150) 66,150 30,389 30,389 30,389 30,389 30,389 Ending Carryforward Balance 24,700 (21,968) (6,080) (69,992) (36,761) 31,563 36,800 (69,992) (36,761) 36,800 36,800 Transfer from Health Care Commission (Catherine) Time 30,389 (33,192) 39 30,389 30,389 30,389 30,389 30,389 30,389 30,389 Balance after Transfers 30,389 (33,192) 39 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 7tansfer to Tax Department 95,000 (15,000)		1,003,243	1,033,441	1,168,372		
General Fund 787,290 831,789 982,901 1,118,373 1,151,604 Transportation Fund 167,300 134,395 135,472 145,444 1,118,373 1,151,604 1,151,604 145,444 1,118,373 1,151,604 1,151,604 145,444 1,118,373 1,151,604 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 1,151,604 1,118,373 <td< th=""><th>APPROPRIATIONS</th><th></th><th></th><th>Proj 10/20/05</th><th></th><th>^</th></td<>	APPROPRIATIONS			Proj 10/20/05		^
Health Access 25,000	General Fund	787,290	831,789		1,118,373	1,151,604
Total Big Bill /BA 954,590 991,184 1,118,373 1,118,373 1,151,604 Pay Act Allocation 0 22,098 28,031 1 Total Base Appropriations 954,590 1,013,282 1,146,404 1,118,373 1,151,604 Surplus/(Deficit) (48,653) (20,159) (21,968) (100,381) (67,150) Beginning Carryforward Balance 84,700 36,047 15,889 30,389 30,389 Ending Carryforward Balance 36,047 15,889 (6,080) (69,992) (36,761) Transfer from Health Care Commission (Catherine) 31,563 36,800 36,800 Transfer from Budget Development One Time 4,906 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)	Transportation Fund	167,300	134,395	135,472		
Pay Act Allocation 0 22,098 28,031 Total Base Appropriations 954,590 1,013,282 1,146,404 1,118,373 1,151,604 Surplus/(Deficit) (48,653) (20,159) (21,968) (100,381) (67,150) Beginning Carryforward Balance 84,700 36,047 15,889 30,389 30,389 Ending Carryforward Balance 36,047 15,889 (6,080) (69,992) (36,761) Transfer from Health Care Commission (Catherine) 31,563 36,800 36,800 Transfer from Budget Development One Time 4,906 4,906 Balance after Transfers 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)	Health Access		25,000			
Total Base Appropriations 954,590 1,013,282 1,146,404 1,118,373 1,151,604 Surplus/(Deficit) (48,653) (20,159) (21,968) (100,381) (67,150) Beginning Carryforward Balance 84,700 36,047 15,889 30,389 30,389 Ending Carryforward Balance 36,047 15,889 (6,080) (69,992) (36,761) Transfer from Health Care Commission (Catherine) 31,563 36,800 36,800 Transfer from Budget Development One Time 4,906 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)	Total Big Bill /BA	954,590	991,184	1,118,373	1,118,373	1,151,604
Surplus/(Deficit) (48,653) (20,159) (21,968) (100,381) (67,150) Beginning Carryforward Balance 84,700 36,047 15,889 30,389 30,389 Ending Carryforward Balance 36,047 15,889 (6,080) (69,992) (36,761) Transfer from Health Care Commission (Catherine) 31,563 36,800 36,800 Transfer from Budget Development One Time 4,906 Balance after Transfers 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)	Pay Act Allocation	0	22,098	28,031		
Beginning Carryforward Balance 84,700 36,047 15,889 30,389 30,389 Ending Carryforward Balance 36,047 15,889 (6,080) (69,992) (36,761) Transfer from Health Care Commission (Catherine) 31,563 36,800 36,800 Transfer from Budget Development One Time 4,906 Balance after Transfers 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)	Total Base Appropriations	954,590	1,013,282	1,146,404	1,118,373	1,151,604
Ending Carryforward Balance 36,047 15,889 (6,080) (69,992) (36,761) Transfer from Health Care Commission (Catherine) 31,563 36,800 36,800 Transfer from Budget Development One Time 4,906 Balance after Transfers 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)	-					
Transfer from Health Care Commission (Catherine) Transfer from Budget Development One Time Balance after Transfers 30,389 4,906 Budget Development Medicaid Assoc. 50,604 37,846 Budget Development Waterfall; Sec. 263(g)(3) Transfer to Tax Department (15,000)				•		
Transfer from Budget Development One Time Balance after Transfers 30,389 (33,192) 39 Legi slative Medicaid Assoc. 50,604 37,846 37,846 Bud get Development Waterfall; Sec. 263(g)(3) Transfer to Tax Department (15,000)	Ending Carryforward Balance	36,047	15,889	(6,080)	(69,992)	(36,761)
Balance after Transfers 30,389 (33,192) 39 Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 (15,000) Transfer to Tax Department (15,000) (15,000)					36,800	36,800
Legislative Medicaid Assoc. 50,604 37,846 37,846 Budget Development Waterfall; Sec. 263(g)(3) 95,000 Transfer to Tax Department (15,000)		One Time				
Budget Development Waterfall; Sec. 263(g)(3) Transfer to Tax Department (15,000)	Balance after Transfers			30,389	(33,192)	39
Transfer to Tax Department (15,000)	Legislative Medicaid Assoc.			50,604	37,846	37,846
Transfer to Tax Department (15,000)	Rudget Development Waterfall: Sec	: 263(9)(3)		95 000		
	• •	~ ~~\S\(S)(\S)		•		
Durative Durate Development	Balance - Budget Development			80,000		



State of Vermont

AGENCY OF HUMAN SERVICES

OFFICE OF THE SECRETARY 103 South Main Street Waterbury, Vermont 05671-0204

> Telephone: (802) 241-2220 Fax: (802) 241- 2979

TO: Joint Fiscal Committee

From: Michael Smith, Secretary, Agency of Human Services

Date: November 9, 2005

Subj. 2005 Act 71 Sec 104c(a)

Pursuant to 2005 Act 71 Section 104c(a), I am advising you there have been no transfers made from other appropriations of state, federal, and special funds for Medicaid programs and purposes into the Health Access Trust Fund since July 1, 2005 to this date.

			No.
	·		
	·		

of the Global Commitment. There will need to be an adjustment for the first quarter of FY 06 since the Department's appropriation was based on a full year of federal funding for this program.

Joint Fiscal Committee Page 2 November 9, 2005

Finally, as approved in the FY 2006 budget, developmental services providers received a 3.75% cost of living increase on AHS funded services. At the same time, a 2% reduction in existing consumer budgets was enacted in order to be applied to the caseload needs for FY 2006. Attached is a summary of the impact of the 2% reduction. A total of 469 consumers were impacted with reduced or changed services and 34.27 FTE staff were laid off. A total of \$1,965,511 (federal and state funds) were reduced in order to be applied to emergency caseload needs for FY 06.

Please let us know if there is any additional information you require.

/s

CC: Patrick Flood
Theresa Wood
Ira Sollace
Jim Giffin

Attachment (1)

Commissioner's Office

Fax Number

(802) 241- 2400 (802) 241-2325



Developmental Services (802) 241-2614 Fax Number (802) 241-4224 TTY Relay Service 1-800-253-0191

State of Vermont Agency of Human Services Department of Aging and Independent Living

Division of Disability and Aging Services 103 South Main Street Waterbury, VT 05671-1601

MEMORANDUM

TO:

Joint Fiscal Committee

FROM:

Michael Smith, Secretary, Agency of Human Services

Jim Reardon, Commissioner, Department of Finance and Management

DATE:

November 9, 2005

SUBJECT:

Developmental Disabilities Caseload Update - FY 2006

As required in the FY 06 Appropriations Act, we are providing an update on meeting the caseload needs for individuals with developmental disabilities.

Information as of November 1, 2005							
FY 2006 Budgeted Estimate	FY 2006 Actual as of 11/01/05	Average <u>Annual</u> Cost to Caseload	FY 06 Average Cost to Caseload				
Emergency Caseload 219 people	40 existing people 50 new people 90 total people	\$23,865 Gross / \$9,808 GF	\$19,955 Gross / \$8,201 GF				
Public Safety 23 people	9 existing people 6 new people 15 total people	\$39,012 Gross / \$16,034 GF	\$34,402 Gross / \$14,139 GF				
High School Graduates 65 people	24 existing people 18 new people 42 total people	\$24,077 Gross / \$9,896 GF	\$22,897 Gross / \$9,410 GF				

The annualized care plans for the above 147 individuals for FY 07 (before any potential inflationary increases for providers) equals \$3,744,282. The types of services required by the above individuals include the following: residential supports; community supports; work supports; service coordination/case management; crisis services; clinical services; transportation; and, respite care.

As of November 1, 2005, there were 0 individuals who met the FY 2006 System of Care Plan funding priorities who have been denied services. Additionally, as of June 30, 2005 there are 28 individuals on the Flexible Family Funding waiting list. The Department has allocated \$1,086,890 in Flexible Family funding per concurrence of the legislature and the administration in anticipation

of the Global Commitment. There will need to be an adjustment for the first quarter of FY 06 since the Department's appropriation was based on a full year of federal funding for this program.

Joint Fiscal Committee Page 2 November 9, 2005

Finally, as approved in the FY 2006 budget, developmental services providers received a 3.75% cost of living increase on AHS funded services. At the same time, a 2% reduction in existing consumer budgets was enacted in order to be applied to the caseload needs for FY 2006. Attached is a summary of the impact of the 2% reduction. A total of 469 consumers were impacted with reduced or changed services and 34.27 FTE staff were laid off. A total of \$1,965,511 (federal and state funds) were reduced in order to be applied to emergency caseload needs for FY 06.

Please let us know if there is any additional information you require.

/s

CC: Patrick Flood
Theresa Wood
Ira Sollace
Jim Giffin

Attachment (1)

Summary of Providers Designated Provider:

Total Reduction:

2%

\$1,965,511

				<u></u>
Service		No of Individuals		Negetive
Service Planning and Coordination	\$ 286,468	49	3.63	Increased caseload size, decreas eliminate Service Coordinator pc
Community Supports	\$ 534,554	131	24.79	Reduce hrs of support, conversion reduction of Goods budget, trans eliminate position
Work Supports	\$ 75,987	8	0	Conversion to contract for suppor reduce hrs of supports
Clinical Interventions	\$ 130,617	74	0	Reduce hrs of support for therapy
Crisis Supports	\$ 66,576	13	1.6	Reduce hrs and elimination of ind
Home Supports	\$ 333,343	188	1.25	Reduce individual budgets, limit C respite, home provider stipends,
Transportation	\$ 94,488	63	0	Transfer ownership of van, sell va institute milage caps
Program Infrastructure	\$ 344,015	12	2	Reduction in benefits, eliminate pogeneral operating expenses
Agency Administration	\$ 70,489	1	1	Eliminate position
Transition II/Families First	\$ 38,296	·		
	•	(unduplicated)	(unduplicated)	
TOTAL	\$ 1,974,833	469	34.27	

Designated Provider: Counseling Services of Addison County

Total Reduction:

2%

(DA/SSA)	and the second s	:: Characterite a southern was and		the sign of the state or state to second to second their changes are the sign of the second of the	· · · · · · · · · · · · · · · · · · ·
\$ ervice - 1 = 1 (1)	A Securion	of Individuals Impacted	- Signa Sela - Signa Sela Sela Sela Sela Sela Sela Sela Sel	116	
Service Planning and Coordination	\$ 18,500				Anticipat grants/fi
Community Supports	\$ 29,584	7	\$2,298-\$4,979	1.24	Reductio
Work Supports	\$ -		3-6.5 hours		
Clinical Interventions	\$-				
Crisis Supports	\$-				1
Home Supports	\$ 16,251 \$ 10,665 (individual)	50 6 68	\$1,200-\$3,216	0 0	Limit CO Decrease Limit CO
Transportation	\$ 5,098 (COLA) \$ 14,081	5		0	Transfer
Program Infrastructure	\$ 16,480			0	Sell 2 va Anticipal
Agency Administration	\$-				grants/fi Charge f
TOTAL	\$ 110,659	(unduplicated) 74		(unduplicated) 1.24	

Designated Provider:__

Champlain Vocational Services

2% Total Reduction:

(DA/SSA)					
Spark	l siei. Sicoleoficie	noix (in particular in particu	Reduction	lf7Agend 1≛/si⊑ald/©	yi
Service Planning and Coordination	\$ -	-			
Community Supports	\$-				
Work Supports	\$ -				
Clinical Interventions	\$ 36,680	46		0	Elimina
Crisis Supports	\$-		ē.		
Home Supports	\$ -				
Transportation	\$-				
Program Infrastructure	\$ -				
Agency Administration	\$ -				
TOTAL	\$ 36,680	(unduplicated) 46		(unduplicated) 0	

Designated Provider:_____

Howard Center for Human Services

2% Total Reduction:

JENN(6/5-	Septemon Septembri	lo of Indivision	Bange of Service		
Service Planning and Coordination	\$ 37,427	9		1	
Community Supports	\$ 102,650	21		2.2	
Work Supports	\$-				
Clinical Interventions	\$ 6,176	6		0	
Crisis Supports	\$ 31,028	0		1.1	
Home Supports	\$ 41,361	2		0	
Transportation	\$ 21,418	9		0	
Program Infrastructure	\$ 36,045	0		1	
Agency Administration	\$ 21,832	0 .	-	0	
TOTAL	\$ 297,937	(unduplicated) 47		(unduplicated) 5.3	

Designated Provider: Healthcare & Rehabilitation Services of SE VT

2% Total Reduction

SENSO	Total Reduction	Novok individuals	Range of Service	lis: of Agency State Late Off	
Service Planning and Coordination	\$ -				5
Community Supports	\$ 20,143	30		0	Reduc
Work Supports	\$ 20,000	0		0	Elimin
Clinical Interventions	\$ 52,000	0		0	Elimin
Crisis Supports	\$-				
Home Supports	\$ -				
Transportation	\$-				
Program Infrastructure	\$ 28,000	0		. 0	Reduc
Agency Administration	\$ 13,454	0		0	with part of the second with p
TOTAL	\$ 133,597	(unduplicated) 30		(unduplicated) 0	

Designated Provider: Lamoille County Mental Health

2%
Total Reduction:

Splaine	i <mark>óta</mark> Poduction	lo offlindividualé umpacted	Range of Service	No. oi A. (e <mark>îcy)</mark> Staffil Eaic Offa	Ñê
Service Planning and Coordination	\$ -		,		
Community Supports	\$ 30,000	1		1	Conversion to
Work Supports	\$ -				contracted n
Clinical Interventions	\$ -				
Crisis Supports	\$ -				
Home Supports	\$ -				
Transportation	\$ -				
Program Infrastructure	\$ 25,300	0		0	Contracted CI
Agency Administration	\$ -				Eliminated va
TOTAL	\$ 55,300	(unduplicated)		(unduplicated) 1	

Designated Provider: Lincoln Street Inc.

2%
Total Reduction:

(DA/SSA)					
			Territe of Service		
28/21/23	Reduction	uspacted s	/Z@duction}	LITES Laid Off &	
Service Planning and Coordination	\$ 5,020	20		0.13	Reduction
Community Supports	\$ 8,837	1		0.15	Convers
Work Supports	\$ -				
Clinical Interventions	\$ 6,000	2		0	Reduction
Crisis Supports	\$-				
Home Supports	\$ 5,716	6		0	Reduction
Transportation	\$ 11,472	8		.0	Institute
Program Infrastructure	\$ 17,000	0		0	Reduction
Agency Administration	\$-	3			operatir
		(unduplicated)		(unduplicated)	
TOTAL	\$ 54,045	23		0.28	

NOTE: Lincoln Street Inc. reserves the right to reevaluate the negative consequences of these reductions on any individual consumer(s) in order to safeguard the health and safety of the individual, support staff and the general public.

Designated Provider: Northwestern Counseling & Support Services

2% Total Reduction

Seidice	Freduction	iko o jiljačijý jovala istoracijos	Range of Service	No.ofrAgerrey Staft Laid ⊚it	
Service Planning and Coordination	\$ 60,000	0		1.5	Increa
Community Supports	\$ 3,588	1	3 hours 1:1	0	Transi
Work Supports	\$ 12,480	1		0	Suppo Contra
Clinical Interventions	\$ -				Work:
Crisis Supports	\$ -				
Home Supports	\$ 24,871	13		0	Reduc
Transportation	\$ 9,082	4	_	0	Respi Moved
Program Infrastructure	\$ -			:	-
Agency Administration	\$ 26,000	1		1	Elimin
TOTAL	\$ 136,021	(unduplicated) 20		(unduplicated) 2.5	

Designated Provider:

Northeast Kingdom Human Services

2%

Total Reduction:

(DA/SSA)		3			_
	96) 		Range of Service	**************************************	
Service Planning and Coordination	\$ 22,881	5		0	Decrease 1- Coordinatio
Community Supports	\$ 54,253	24	\$2,554 is in Goods	2.5	Decrease 37
Work Supports	\$ 43,507	7		0	17 part time Decrease 30
Clinical Interventions	\$ 28,661	19		0	3 part time Decrease hr
Crisis Supports	\$ 11,993	5		0	Decrease hr
Home Supports	\$ 30,060	30	\$5,300 is in Goods	0	3 part time Decrease in
Transportation	\$ 28,127	24		O	Respite, 2 c
Program Infrastructure	\$-	o		0	
Agency Administration	\$ 5,170	0		0	,
TOTAL	\$ 224,652	(unduplicated) 114		(unduplicated) 2.5	

Designated Provider: Rutland Mental Health Services

2% Total Reduction:

Services			; Range of Service 4		
Service Planning and Coordination	\$ 73,445	2		0	Reduction of sta
Community Supports	\$ 30,420	1		0	Eliminated vaca
Work Supports	\$-				
Clinical Interventions	\$-				
Crisis Supports	\$-				
Home Supports	\$ 8,000	3		0	Reduction of Re
Transportation	\$ -				
Program Infrastructure	\$ 127,353	3		0	Eliminate vacan
Agency Administration	\$-				and part time R
TOTAL	\$ 239,218	(unduplicated)		(unduplicated) 0	

Designated Provider: Sterling Area Services Total Reduction:

(DA/SSA)					
୍ଦି ଧର୍ଷ (ଅଧିକ ଅନ୍ତର୍ଶ ଅଧ	inici inici	App. of professions	tange okservis Reduction	Age j≟s,Laio,⊘ii	i i
Service Planning and Coordination	· \$-				
Community Supports	\$ -				
Work Supports	\$ -				
Clinical Interventions	\$ -				
Crisis Supports	\$ -				
Home Supports	\$ 15,748 \$ 35,148	11	\$248 - \$2,000	0	Reduction of
Transportation	\$ -				
Program Infrastructure	\$ 23,837	0		0	Reduction in (better rates
Agency Administration	\$ -	·			
		(unduplicated)		(unduplicated)	
TOTAL	\$ 74,733	11		. 0	

Designated Provider: Specialized Community Care Total Reduction:

(DA/SSA)

(5770071)	17.518.1	of Individuals	Races of Serv ice	1.No tof Agency :	
<u> </u>	ESTRECTION STATE	mpacted	SESTRECTION SES	PIFIES Laid Off	
Service Planning and Coordination	\$ 5,824	3		. 0	
Community Supports	\$ 23,260	13		1	Reduct
	\$ 500	0	i	0	Reduct
Work Supports	\$ -				
Clinical Interventions	\$ -			-	
Crisis Supports	\$ 12,555	5		0.5	1
Home Supports	\$ 7,023	5		0.25	Reduct
	\$ 1,700	2		,0	Reduct
Transportation	\$ 3,308	3		0	
Program Infrastructure	\$ -				
Agency Administration	\$ 4,033	. 0		0	
		(unduplicated)		(unduplicated)	
TOTAL	\$ 58.203	26		1.75	

Division of Disabilities and Aging Services **Developmental Services Programs** Impact of FY 06 Community Provider Budget Reductions

Designated Provider: United Counseling Service

2% **Total Reduction:**

Service)		No of Individuals	Range of Service	No of Agenc	
Service Planning and Coordination	\$-				
Community Supports	\$ 13,144	1		0	Convers
Work Supports	\$ -				to conti
Clinical Interventions	\$ -				
Crisis Supports	\$ 3,000	0		0	Reducti
Home Supports	\$ 46,079	6	\$7,500 - \$24,288	0	Suppor Reducti
Transportation	\$ -			·	(stipend
Program Infrastructure	\$ 40,000	0		. 0	Reducti
Agency Administration	\$ -				(<1% of
	The second secon	(unduplicated)		(unduplicated)	
TOTAL	\$ 102,223	7	A 1122 HER THERE I TO THE	0	

Division of Disabilities and Aging Services
Developmental Services Programs
Impact of FY 06 Community Provider Budget Reductions

Designated Provider: Upper Valley Services

2%
Total Reduction:

Si haide	Tota Reduction	≇No. of Individuals		Nosof/Agene/ Staff/Laid/@fr	NE
Service Planning and Coordination	\$ 25,000	6		o	Reduction of position - ex
Community Supports	\$ 67,578	18		2.7	Conversion to
Work Supports	\$ -	0		0	Elimination c
Clinical Interventions	\$ 1,100	1		o	Reduce Coun
Crisis Supports	\$ 8,000	3	\$3,000 - \$5,000	0	Elimination o
Home Supports	\$ 51,362	21	\$3,000 - \$21,000	0	Crisis Suppo Reduction of
Transportation	\$ 7,000	10		0	Institute mile:
Program Infrastructure	\$ 30,000	9		1	Eliminate Sur
Agency Administration	\$-				
TOTAL	\$ 190,040	(unduplicated) 32		(unduplicated) 3.7	. /

NOTE: Upper Valley Services reserves the right to reevaluate the negative consequences of these reductions on any individual consumer(s) in order to safeguard the health and safety of the individual, support staff and the general public.

Division of Disabilities and Aging Services Developmental Services Programs Impact of FY 06 Community Provider Budget Reductions

Designated Provider: Washington County Mental Health

2%
Total Reduction:

Service	Tota Re duct ion	No. of Individuals	Range of Service -	* a No of Agency & Staff Laid Off	
Service Planning and Coordination	\$ 38,371	4		1	Eliminated p
Community Supports	\$ 150,597	13		14	Conversion
Work Supports	\$ -				contracted
Clinical Interventions	\$ -				
Crisis Supports	\$ -				
Home Supports	\$ 20,000	6		1	Decrease hr
Transportation	\$ 14,261 \$ -	6		0	Move from in Community
Program Infrastructure	\$ -				
Agency Administration	\$-				
		(unduplicated)		(unduplicated)	
TOTAL	\$ 223,229	29		- 16	

2%

Division of Disabilities and Aging Services Developmental Services Programs Impact of FY 06 Community Provider Budget Reductions

\$ 7,847

TOTAL

Designated Provider: **Families First Total Reduction:** (DA/SSA) Total Reduction No of Individuals Range of Service No. of Agency Impacted Meduction FTE's Laid Off Service Planning and Coordination Community Supports \$ -Work Supports \$ -Clinical Interventions Crisis Supports Home Supports Transportation \$ -Program Infrastructure \$ -Agency Administration 835 A (unduplicated) (unduplicated)

2%

Division of Disabilities and Aging Services Developmental Services Programs Impact of FY 06 Community Provider Budget Reductions

Designated Provider:	Transition II		·	Total Red	duction:
	3);; 	No. of Individuals		No. of Agency &	
Service Planning and Coordination	\$ -				
Community Supports	\$ -				
Work Supports	\$ -				
Clinical Interventions	\$ -				
Crisis Supports	\$ -				
Home Supports	\$ -				
Transportation	\$ -				
Program Infrastructure	\$ -				
Agency Administration	\$ -				
TOTAL	\$ 30,449	(unduplicated)		(unduplicated)	



OFFICE OF THE SECRETARY TEL: (802) 828-3322 FAX: (802) 828-3320

STATE OF VERMONT

AGENCY OF ADMINISTRATION

November 9, 2005

Representative Martha Heath, Chair Joint Fiscal Committee One Baldwin Street Montpelier, VT 05633

Dear Representative Heath:

As required by 32 VSA Sec. 511, attached is the Report of Excess Receipts approved by the Secretary of Administration for fiscal year 2005.

Sincerely,

Charles P. Smith

Secretary of Administration

Enclosure

CPS/OT/bfb

cess receipts EOFY 2005 - cumulat			YCESS DECEMP	ADDDOVEDEO	EV2005, Indeed 22	04 lune 20 200				
11/7/05 4:18 PM	-		AOE33 KECEIP IS	APPROVED FOR	FY2005: July 1, 20	v4 - June 30, 2005	<u> </u>			
*	DATE									
	APPROVED	FEDERAL	SPECIAL	INTERNAL	INTERDEPT'L			DEPT		<u> </u>
DEPARTMENT	By Sec Admin	FUNDS	FUNDS	SVC FUNDS	TRANSFERS	OTHER	TOTAL	TOTAL	SOURCE OF RECEIPTS	PURPOSE
SENERAL GOVERNMENT:						-				
A Secretary's Office										
A Secretary's Office	7/9/04		10,000,000		· · · · · · · · · · · · · · · · · · ·		10,000,000		#21020 Law lavel and wests	
	7/14/04		13,933				13,933		#21020 Low level rad waste #21020	Payment to Texas per compact To cover contract expenses for Texas Compact
	6/24/05				9,887		9,887		AHS- EOY Finances	Personal service costs
C:								10,023,820		
Finance & Management	8/11/04		40,000		· · · · · · · · · · · · · · · · · · ·		40.000		W0.000 = 1.00	
	10/28/04		67,475				40,000 67,475		#21005 FMS System Development #21005 FMS System Development	To cover cost of Peoplesoft Upgrade Needs Assessment
	2/15/05		25,000				25,000		#21975 Armed Services Scholarship Fund	To reimburse HR for our portion of new computer purchase Used to make scholarship payment
	2/17/05		236,355				236,355		#21005 FMS System Development	To Purchase time & labor module (PeopleSoft)
	3/30/05		2,900,000				2,900,000		#21005 - FMS System Development	VISION Upgrade
Human Resources								3,268,830		
	12/14/04			11,000			11,000		#55500 Internal Service Fund	To pay outstanding invoices for consultative work
	6/14/05		28,000				28,000		#21844 - Advance for Recruitment	To cover costs for running recruitment ads
	6/14/05		32,000				32,000		#21585 Special Fund - Human Resource Dev	To cover costs for running classes
	6/16/05 6/21/05			59,250 2,800	-		59,250		#59300 Financial Mgt Fund	For IT project needs
	6/24/05			2,800	57,000		2,800 57,000		#55300 Life Insurance Fund #21500 Interunit transfer	To cover admin costs for running Life Insurance Fund
	5.200				37,000		37,000	190,050	#2 1500 Interunit transfer	To complete entries of interunit transfers
Buildings & General Services										
	7/30/04		112,000				112,000		#21822 Brochure	Paying Worcester Leasing Co., for storage and distribution of brochur
	7/30/04		8,000				8,000		#21603 Coffee Funds	Hood to realistic offer and and
	8/10/04		49,797				49,797		#2004 Capital Bill	Used to replenish coffee and snack supply To Windsor Imprv Corp for Rails to River Project
	8/24/04		111,045				111,045		#21605 Condiminium Sales	To complete construction of Newport State Office Building
	8/24/04		443,003				443,003		#21620 Capital Bill - Acts of 2002	Construction improvements on various State College Facilities
	8/24/04 8/24/04		1,026,761 8,715				1,026,761		#21622 Capital Bill , Acts of 2001	Construction improvements on various State College Facilities
	8/26/04		2,800				8,715 2,800		#21935 Anticpated Property Sales, Middlebury #21600 Anticipated sale of propert	Marketing expenses involved with the sale of property To fund Duxbury Project
	8/26/04		51,833				51,833		Anticipated Sale of Propert	To fund Duxbury Project To fund project at Brandon Training School
	9/2/04		40,000				40,000		#21604 Recycling	To upgrade loading dock, entry ramp and nearby structures
	9/21/04 10/11/04	89,415 724					89,415		HUDD Federal Grant/TBD	To construct Veterans' Memorial in Brandon and Windsor
	10/11/04	124					724		#23005 Federal Grant Transfer	To supplement Capital Bill Appropriation from Sec. 13, No.61, Acts of
	1/28/05		2,091				2,091		#21612 Donation of Friends of the VT State House	2001 For restoration in Senate Chamber
	5/24/05		65,000				65,000		#21822 Brochure	Paying Worcester Leasing Co. for storage & distribution of brochures
	5/24/05				48,000		48,000		#21500 Admin. Services	
	4/26/05 5/24/05		100.000	3,646,000			3,646,000		#58800 Fee for Space	Salaries & benefits for classified employees /OE
	5/24/05		120,000				120,000	5,825,184	#21595 Public Records	Salaries, benefits, O/E
Tax								5,025,104		
	3/3/05		30,939				30,939		#21485 Pilot General	To pay City of Montpelier FY05 PILOT Funds
Libraries								30,939		
Libraries	11/23/04	81.088					04.000		//occor	
	5/16/05	01,000	18,852				81,088 18,852		#22005 Mobile Library Literacy Grant #21920 Vermont on-line library	Final grant payments per federally approved grant For Vermont On-line Library
							10,002	99,940	#2 1920 Verificing on-line library	For Vermont On-line Library
Auditor of Accounts										
	5/24/05			391,000.			391,000		#59500 Single Audit Reveloving Fund	Contract services for completion of 2004 Single Audit
State Treasurer	-	· ·						391,000		
	8/25/04		48,312				48,312		#21886 Refunding Bond 04, series A	To expedite underwriter's discount
	1/28/05	378,284					378,284		#22005 U.S. Forest Service	Payment of National Forests receipts to schools
	3/4/05	19,027					19,027		#22005	National Forest receipts to Jericho, Underhill & Bolton
	4/26/05 6/14/05		3,000			104,000	104,000	-	#62100 Private Purpose Trust	To cover balance of FY05 operating expenses
	5/26/05		22,607,500				3,000 22,607,500		#21886 Refunding 05 Series C Refunding 05 Series C	To expense bond issuance costs incurred in refunding process
	6/16/05					200,000	200,000		#62100 Private Purpose Trust	To expense bond issuance costs incurred in refunding process To cover processing of receipts to the fund, newspaper advertising
								23,360,123		Processing of receipto to the folial massbabet advertisiting
Executive Office	9/22/04		0.003							
	3122104		2,661				2,661	. 0.004	#21624 Natn'i Governor's Assoc.	To pay expenses incurred for the summit
VOSHA Review Board								2,661		-
	6/27/05	500					500		#22005 Federal Fund	Salaries, benefits and operating expenses
ohos Dolotiona Donad								500		,
Labor Relations Board	6/15/05		185				400			
	0/10/05		105	*		ĺ	185		Transcripts/ Publication Fund	To cover printing, copying expenses and production of VLRB publication
	6/15/05		1,580				1,580		Transprints/ Dublication Fund	-
	0,10,00		1,500				1,000	1,765	Transcripts/ Publication Fund	To cover costs of transcribing Board Meetings
	-							1,100		
PROTECTION:				-						
PROTECTION:										

cess receipts EOFY 2005 - cumulati			EYCESS DECEMENT	ADDROVED FOR	EVANOE: Libra a	004 lunc 20 022	 			
11/7/05 4:18 PM			EXCESS RECEIPTS	APPROVED FOR	C F 12005: July 1, 2	vu4 - June 30, 2005	<u> </u>			
•	DATE									-
	APPROVED	FEDERAL	SPECIAL	INTERNAL	INTERDEPT'L			DEPT		
DEPARTMENT	By Sec Admin	FUNDS	FUNDS	SVC FUNDS	TRANSFERS	OTHER	TOTAL	TOTAL	SOURCE OF RECEIPTS	PURPOSE
	9/23/04		75,700				75,700		#21372(\$35,700) and #21638 (\$40,000)	
	1/10/05		52,013				52,013		#21372 (\$35,700) and #21638 (\$40,000) #21372 AG Tobacco Settlement Fund	For workstation risk assessment & Vt products consumer survey Citrix Terminal Server and digital imaging system
	5/4/05		250,000		75,000		325,000		#21638 Consumer Special & #21500 Inter Unit Transfer	Payroll expenditures for rest of Fiscal Year
								452,713		- ayram anganana ay rock or rock in rock
Court Diversion	3/18/05		74.444							
	3/16/05		74,114				74,114	74 444	#21639 Court Diversion Fees	Personal service and operating costs due to high caseloads
Crime Victims Services			-					74,114		
	2/22/05		78,770				78,770		#21915 Restitution Fund	To pay salaries & beneifts for new positions in Restitution Unit
	5/13/05		400,000				400,000		#21915 Restitution Funds	To pay restitution to victims for last 7 weeks of fiscal year
	5/24/05		310,000				310,000		#21145 Crime Victim's Fund	To pay PS and OE for CCVS and Victim Advocates
State's Attorneys & Sheriffs								788,770		
	3/8/05		45,000		-		45,000		#21891 State's Attys and Sheriffs Misc	To cover position costs as subgrantee from Franklin Sheriff.
	5/4/05				250,000		250,000		#21500 Interunit Transfer	To pay for CRIMES case mgmt software design, implementation.
Defende Connect								295,000		
Defender General	12/2/04				27.000		07.000			
	12/2/04			İ	27,608		27,608		#21500 Interunit transfer	To pay expenditures/ to be reimbursed by grant funds transferred by
	4/21/05				55.704					Court Administrator's Office
	4/21/05		100,000		55,784		55,784 100,000		#21500 #21050 PD Special Funds	To pay expenditures/ to be reimbursed by grant funds
	"203		100,000				100,000		#21000 PD Special runds	To pay contract payments and ad hoc debentures during the last quart of the fiscal year
	6/14/05		50,000				50,000		#240E0 DD appoint food	
-	0,14,00		30,000				50,000	233,392	#21050 PD special fund	To pay ad hoc debentures and other personal service bills for June
Military								200,032		
	7/20/04		50,000				50,000		#21950 2004 Act 80 Sec 16a	To establish VTNG Reserve Family Emergency Fund
	6/6/05 6/6/05		150,000				150,000		#21950 2005 BAA	Support VT National Guard & Reserve Families
	6/14/05		45,000 29,050				45,000		#21662 Cemetery - Special Fund	VTC quarterly payment, cemetery opening
	6/6/05		29,030				29,050 240		#21661 Special Funds #21660 Special Funds	New AASF Asbestos Abatement/ New AASF Permits required Refund dollars of cancelled rental
	6/6/05				23,988		23,988		#21500 Inter Unit Transfer	Design, purchase & install 350 KW Generator at RSS site
								298,278		225 gri, paratico di instali con terri contrator al 100 site
Criminal Justice Training Council	12/29/04		47.000							
	12/29/04		47,000				47,000	47,000	#21866 Surcharge Fees	To replace furnishings
Labor & Industry			 					47,000		
	4/26/05		50,000				50,000		#21099 Inspection & Licensing	Salaries, benefits and operating expenses
								50,000		
Liquor Control	8/27/04				05.000					
	6/6/05		 		35,000	8,000	35,000 8.000		#21500 Health Dept. #50300 Liquor Control Fund	To be used for S.T.A.R.T. and alcohol compliance
						0,000	8,000	43.000		To pay additional PS expenses in Education Unit
Secretary of State										
	7/28/04		80,260				80,260		#21160 Campaign Finance Fund	Pay Public Finance grant for candidate for Lt. Gov.
l '	5/4/05		215,000			i	215,000		#21150 - OPR Fund	To cover additional PS and OE for Office of Professional Regulation
	5/13/05		9,700				9,700		#21812 Corporations	To cover personal services costs of FY05 payact
	6/24/05		29,500				29,500		#21150 OPR Fund	To cover additional PS and OE for Office of Professional Regulation
BISHCA			<u> </u>					334,460		
	7/21/04		289,451				289,451		#21070 Health Ins. Regulatory Supervision Fund	To hire consultants to complete the Health Resource Allocation plan as
	01110									required by 18 VSA, Section 9405 (b).
	2/4/05		58,433				58,433	•	#21690 BISHCA - Docket Fund	To reimburse consumers as outlined in the Department's Administrative
										Order of the Commissioner. Resulting from fraud perpetrated by A Plu Mortgage and TSC Funding Inc.
	GIANDE		450,000							-
	6/14/05		150,000			i	150,000		#21075 Ins Regulatory & Supervision	To cover unanticipated certificates of need from hospitals and actuanal
		-						407.004		analysis for health care proposals.
Public Safety								497,884		
	12/20/04		621,000				621,000		#21851 Law Enforcement Services / PHISH Concert	P/S and O/E costs related to PHISH Concert
	11/23/04		8,314				8,314	·	#21893 DPS City of St. Albans/ GTEA	To fund P/S costs related to PAISH Concert To fund P/S costs related to GTEA grant from city of St. Albans
	2/4/05		12,000				12,000		#21651 Sale of Photos	To cover expenses for photos, video tapes, accident reports
	2/22/05 1/28/05	5,236,065	 -		86,546		86,546		#21500 MOU Dept of Health	For state emergency operation center
	3/18/05	5,230,000	2,500		-		5,236,065 2,500		#22005 Federal Funds #21970 Registration Fees Fund (marijuana registry)	For Dec. payroll, subrecipient reimbursements
	3/22/05	1,456,802		· · · · · · · · · · · · · · · · · · ·			1,456,802		#22005 Federal Funds	To cover state salaries Payroll, operating costs
	4/5/05		47,422				47,422		#21125 Hazmat Fund	Personal & Operating Expenses
	4/21/05	543,279					543,279		Federal Funds	Personal & Operating Expenses
	4/11/05	1,325,344					1,325,344		Homeland Security federal funds	Sub-grants to local entities, and P/S & O/E expenses at state level
	5/4/05		6,700				0.705		#04050.4407	
	5/26/05		6,700		146,590		6,700 146,590		#21852 VAST	Snowmobile Enforcement
	5/4/05		750,000		140,080		750,000		#21500 Interdepartmental #21901 Fire Safety	To reimburse state funds associated w/ 163 Corridor Program P/S and O/E expenditures
	5/16/05				26,018		26,018		#21500 - Interunit transfers fund	Payroll and operating expenses
	6/6/05		185,000				185,000		#21140 Special DUI	Personnel and operating expenses
	6/6/05		195,000				195,000		#21655 Evidence Forfeiture Funds	Contract with Comnetix match for ConsMore Federal Grant

cess receipts EOFY 2005 - cumulati		E	CESS RECEIPTS	APPROVED FOR	EY2005: July 1 2	04 - June 30, 2005			T	
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7	DATE				i					•
	APPROVED	FEDERAL	SPECIAL	INTERNAL	INTERDEPT'L			DEPT		
DEPARTMENT	By Sec Admin	FUNDS	FUNDS	SVC FUNDS	TRANSFERS	OTHER	TOTAL	TOTAL	SOURCE OF RECEIPTS *	PURPOSE
	6/6/05	0.770.540	125,000				125,000		#21584 Surplus Property	For purchase of 5 state police cruisers
	6/3/05 6/14/05	3,779,543	30,000				3,779,543 30,000		#22005 Homeland Security #21099 Inspection and License	P/S and O/E costs
	6/14/05		21,432				21,432		#21125 Hazmat Fund	For P/S expenditures Payroll and operating expenses
	6/16/05				8,000		8,000		#21500, DPS to FSTC	Payroll and operating expenses that fit within the interdepartmental
									,	grants
	6/14/05 6/17/05		22,000				22,000		#21865 and #21120	To cover costs of providing fire service training
	6/17/05		6,427 3,283				6,427 3,283		#21584 Surplus Property #21584 Surplus property	For equipment
			0,200				3,203	14,644,265		For equipment
Agriculture, Food & Markets										
	7/8/04 7/8/04	123,962			, 07.400		123,962		#22005 Federal Funds	For diagnosis and prevention of animal diseases
	7/8/04		18,949		27,438		27,438 18,949		#21500 transfer from Health Dept. #21889 Risk Mgt. Ag producers	Overhaul of data management system
•	7/8/04		328				328		#21680 Housing and Conservation Board	To help farmers transition property to next generation For farm education programs
	7/8/04	8,461					8,461		#22005	To help dairy farmers with business plans
	7/8/04		2,644		00.000		2,644		#21670 Apple Marketing Board	For promotion of apple products
	9/9/04				30,000		30,000		#21500 Transfer from Health Dept.	Homeland Security/Bioterrorism - for database of animal diseases.
	9/27/04				91,972		04.070		#24500 Interweit transfers 5	
	9/23/04	159,888	-		91,972		91,972 159,888		#21500 Interunit transfers Fund #22005 USDA federal funds	For West Nile Virus surveillance and diagnostic program To monitor Johne's disease in cattle (USDA grant)
	1/4/05	42,027					42,027		#22005 OSDA lederal funds #22005	Federal cooperative agreement, BSE surveillance program
	1/4/05	14,981					14,981		#22005	For monitoring of swine feeding operations
	1/4/05 1/4/05	81,500 5,000					81,500		#22005 USDA federal funds	To monitor Johne's disease in cattle. (USDA grant)
	1/11/05	5,000	32,000				5,000 32,000		#22005 #21061 VDPC State Portion	IT Support for certification program for sheep. (USDA grant)
	1/11/05		82,000				82,000		#21668 Feed , Seed and Fertilizer	Grants for schools to provide dairy vending machines To buy an Induced Coupled Plasma Spectrophometer
	3/8/05	100,000					100,000		#2005 Federal	Implementation of Vermont Animal ID system. (USDA grant)
	2/9/05	74,147			_		74,147		#22005 Federal USDA ,APHIS	Poultry testing and monitoring for avian influenza (USDA grant)
	2/9/05	12,946					12,946		#22005 Federal, USDA , FSIS	to provide workshops for dairy & beef producers on dairy beef & beef
	3/29/05	55,000					55.000		100005 F	quality assurance. (USDA grant)
	3/29/03	35,000					55,000	963,243	#22005 Federal USDA	For Vermont CAPS program/exotic, invasive pests
Dept of Public Service								500,240		
	8/11/04		497,331				497,331		#21930 Vt Renewable Energy Fund	To administer Renewable Incentive Program
	8/11/04		106,000				106,000		#21030 Exxon Settlement Fund, Petroleum Violation Escrow	School Wood Energy System upgrade & Renewable Energy Grants
	8/11/04		28,892				28,892			
	8/11/04		49,313				49,313		#21035 Stripper Well Settlment Fund #21175 Palo Pinto	To administer agricultural Demand Side Mgt Assistance Program School Wood Energy System Upgrade & Renewable Energy Grants
							10,010		"Eliforato Filito	Oction Wood Ellergy System opgrade & Reliewable Ellergy Grants
	7/7/05		15,342				15,342		#21823 Purchase & Sale of Power fund	To reimburse administrative expenses for the Purchase & Sales Division
Judiciary								696,878		
	9/9/04		5,770				5,770		#21885 Judicial Project Support	Reimburse expenses incurred in trial mediations
	6/21/05				16,000		16,000		#21500 Interunit Transfer	Reimburse expenses inurred in administration of drug court
	212112									implementation project
	6/24/05		7,000				7,000	20.770	#21811 Attorney Licensing & Disciplinary Fund	Reimburse Pay Act Expense and rental expense
Human Rights Commission	-						-	28,770		
	12/6/04	22,795					22,795		#22005 Federal Grant forn HUD	OE/PSC for Human Rights Fair Housing Activities
Fire Service Training Council								22,795		
Fire Service Training Council	2/22/05				105.993		105,993		JOAFOO AND A FORM	
	2/22/00				100,993		105,993	105,993	#21500 ANR to FSTC grant	For training
HUMAN SERVICES:										
AHS Secretary's Office										
	9/24/04	1,512,017					1,512,017		#22010	Unexpended balance of Juvenile Accountability Incentive Block Grant
	9/24/04	6,124					0.404		Woods .	<u> </u>
	5/24/04	0,124					6,124		#22005	Unappropriated budget of Governor's Commission for the Employment of People with Disabilities
	4/5/05		34,372				34,372		#21818 Act 160	Unspent balance of funds from Act 60 of 1996 session reporting
						İ				requirement now ended.
	6/14/05		5,583				5,583		#21525 Conference Fees, #21584 Surplus Property	Conference fees and surplus property sales
	6/16/05	51,000	}			Т	51,000		#22005 DD Council, #GCEPD #22005	Additional grant funds for Dev Disab. Council & \$1k annual budget for
								1,609,096		Gov's Comm. on Employment of People with Disabilities.
Corrections								1,009,096		
	6/14/05	6,000					6,000		#22005	Salary reimbursement for DOC employee loaned to NIC
	6/14/05		50.000		90,000		90,000		#21500 VAWA	Payment of treatment bills
	6/14/05 6/14/05	33,000	50,000				50,000 33,000		#21843 Recreation Fund #22005 Crime Bill	Payment of Rec Fund payroll/ operating costs
	5,14,55	55,555					33,000	179,000	#22003 CHITTE BIII	Payment of substance abuse treatment bills
Health										

cess receipts EOFY 2005 - cumulat		E	KCESS RECEIPTS	APPROVED FOR	R FY2005: July 1, 2	004 - June 30, 200	5			
11/7/05 4:18 PM	DATE									
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DEPARTMENT	APPROVED By Sec Admin	FEDERAL FUNDS	SPECIAL FUNDS	INTERNAL	INTERDEPT'L.	071150		DEPT		
DEFARIMENT		FUNDS	FUNDS	SVC FUNDS	TRANSFERS	OTHER	TOTAL	TOTAL	SOURCE OF RECEIPTS	PURPOSE
	11/30/04				145,800		145,800		21500 Inter/Unit Transfer	Transfer from AG as part of litigation settlement, to be used for anti- smoking programs
	1/29/05	1,418,900					1,418,900		22005 Hospital BT (HRSA) & 22005 Bioterrorism (CDC)	To move Bioterrorism funds from Health Administration and Health
				·			,,,		(Wiley & 22000 Blokerishin (S20)	Improvement to Health Protection
	3/29/05 3/29/05	251,300					251,300		#22005 Epi Lab Capacity	Unbudgeted federal grant funds for epidemiological lab.
· · · · · · · · · · · · · · · · · · ·	5/4/05	1,146,200 163,500					1,146,200 163,500		#22005 Immunization #22005 HIV/Aids Home Sycs	Additional flu grant money due to vaccine shortage crisis
							100,000		THE STATE OF THE S	Additional grant funds for AMAP medication costs, grants to AIDS Service Organizations
	5/4/05	145,000					145,000		#22005 AED Purchases	Additional grant funds flow-through to EMS districts to purchase
	5/4/05	400,000								defibrillators
	5/4/05	1,339,800					1,339,800		#22005 EMS for Children #22005 WIC	Additional grant funding for EMS for children
	5/4/05				136,000		136,000		#21500 Interunit Transfer	Additional WIC grant funding Transfer from Corrections for quality assurance work
	5/16/05	75,300					75,300		#22005 Birth Defects Surveillance	New Birth Defects surveillance grant not budgeted
	5/16/05 5/16/05	141,100					141,100		#22005 Cancer Registry	Additional grant funds for cancer registry
	5/16/05	123,900 113,300					123,900		#22005 Cancer Screening	Additional grant funds for cancer screening
	6/7/05	3,816,320	2,500,000				113,300		#22005 Chronic Disease/BRFS	Additional grants funds for Behavioral Risk Factor Survey
	6/7/05	3,010,320	60,000				6,316,320 60,000		#21530 Success Beyond Six & 22005 Federal Revenue #21225 VSH Canteen	To cover cost of Medicaid Services at designated agencies
	6/7/05	2,015,000	30,000				2,015,000		#21225 VSH Canteen #22005 Bioterrorism	VT State Hospital Canteen revenue in excess of budget
	6/7/05		215,500			17,700	233,200		# 21723,21584,21836,21460,21837,40600	Ramp-up of activities funded by Bioterrorism grant To cover personal and operating costs of various programs that have
						,,	200,200		# 21720;21004;21000;21400;21007;40000	special revenue funding
	6/7/05	· T	100,000	<u></u>			100,000		#21902 Health Dept. Special & 21840 American Legacy	
							·		Foundation	for DAIL & American Legacy grants for schools and community
	6/17/05	906,400					006 400	,	HOODOS Madicald Advis	organizations
	6/17/05	300,400	87,300	··. · · · · · ·			906,400 87,300		#22005 Medicaid Admin. #21490, #21723, #21836, #21723, #21833	Additional VT Child Health Improvement Project grant funds To use various additional revenues at close out.
			**,				07,000		#21730, #21725, #21635, #21725, #21635	To use various additional revenues at close out.
	6/17/05	165,000					165,000		#22005 Asthma	Additional grant funds for school indoor air quality subgrants, VPQHC
	6/17/05	186,000					490,000		#00005 B :- W MU I	asthma work, and VT Blueprint work.
	0,717,03	100,000					186,000		#22005 Prior Year MH Fed Receipt	For one-time costs of moving Mental Health Div. from Waterbry to Bu
	6/17/05		25,000		202,500		227,500		#21500 , #21910, #21225	Fees used and interdepartmental transfers made in connection with cle
										out.
] [ľ				'		15,596,820		
Office of Vt Health Access										
	4/5/05	163,560					163,560		#22005 Federal Funds	Additional grant for Education & Outreach for SPAP (VScript expande
	20200						*			beneficiaries.
	6/20/05	10,267,409	3,532,591				13,800,000		#21195 Health Access Trust, #22005 Federal Fund	For enhancement of the MMIS and GCR Systems, \$8M for home and
								•		community based waiver costs, pharmacy & increases in other progra expenditures.
	7/13/05		307,474				307,474		#21215 Robert Wood Johnson, #21219 PACE Grant .	Additional RW Johnson and P.A.C.E. grant funds
							,,,,		#21903 PATH-Misc. Fund	Additional TVV Somboli and P.A.O.E. grant lunds
Dept for Children and Families								14,271,034		
Sept for Children and Farmines	9/22/04		225,000				225,000		HOLOGO D. N.E. D. LLEG	
	1/6/05		2,864,910				2,864,910		#21858 Building Bright Futures #21210 Block Grant, 21210 Contingency Grant	Building Bright Futures Waterfall & license plate sales
	2/8/05	-	2,814,539				2,814,539		#21210 Block Grant, 21210 Contingency Grant #21210 Federal Funds (into LIHEAP SF)	LIHEAP funds in excess of appropriation LIHEAP funds in excess of appropriation
	5/19/05	281,199					281,199		#22005 Child Support Enforcement	Annual reconciliation of court administration expenses
	5/19/05				144,860		144,860		#21500 Court Administrator	Annual reconciliation of court administration expenses
	5/4/05	587,937					587,937		#22005 OEO Federal Funds	Community Services Block Grant underbudgeted by 1/4 - corrected in
	5/13/05	675,000								FY06 budget
	6/14/05	675,000 184,985			-		675,000		, ,	Increased demand for Food Stamp Cashout grant funds
	3/14/03	104,300					184,985		#22005	Funds appropriated to VDH to support Head Start and Early Childhoo Comprehensive System. Program transferred to DCF.
	6/14/05	107,996	-				107,996		#22005 Federal	
	6/14/05	2,086,712					2,086,712		#22005 Federal #22005	Additional grant funds for Head Start program
	6/14/05	2,675,000					2,675,000	*****	#22005 Federal	Additional Medicaid funding for substitute care Additional Medicaid funding to support high risk pool expenditures an
	6/14/05	926,740					926,740		#22005 Federal	computer purchases Additional federal funding for Child Care information system, and trans
										of FITP & Healthy Child Care VT from VDH
	6/14/05 6/16/05	125,000	10,484		4,264		125,000 14,748		#22005	Additional federal funds to provide housing benefits
	6/24/05		30,000		4,204		14,748 30,000		#21500, #21874, #21887 #21370 Tobacco	Used to offset GF expenditures in OEO
			,				00,000		#21070 TODACCO	Tobacco funds to establish a school based health program at Mt. Anthony High School
	6/28/05		200,000			-	200,000		#21370 Tobacco Litigation Settlement	Tobacco Litigation funds transferred from Secretary's Office for Childs
								13,944,626		with Special Health Needs
Aging & Independent Living	5/24/05		80,000				00.000			
	5/24/05		00,000		200,000		80,000 200,000		#21813 EAP Fees #21500	Increased Employee Assistance Program revenues
	3/29/05	635,490			200,000		635,490		#21500 #22005 Title III Grant	Transfer from DCF for Reach Up expenses in DAIL Title III grant funds to VT Opportunities Credit Union for revolving loan
							305,100		The state of the s	program
	5/24/05	21,500					21,500		#22005	()····

cess receipts EOFY 2005 - cumulati		E	XCESS RECEIPTS	APPROVED FOR	FY2005: July 1, 20	004 - June 30, 200	5			
11/7/05 4:18 PM	DATE									
							İ			
DEPARTMENT	APPROVED	FEDERAL	SPECIAL	INTERNAL	INTERDEPT'L			DEPT		
DEPARTMENT	By Sec Admin	FUNDS	FUNDS	SVC FUNDS	TRANSFERS	OTHER	TOTAL	TOTAL	SOURCE OF RECEIPTS	PURPOSE
	4/25/05	36,000					36,000		#22005 Title XIX	TBI waiver cost in excess of budget due to caseload increase
	5/24/05	1,920,000			55,000		1,975,000		#22005 Section 110, IT #21500, Title XIX #22005	Vocational Services for individuals w/disabilities and medicaid waiver
										services (\$1.9M)
VT Veterans' Home							.,.	2,947,990		•
V1 Veterans Tronie	12/6/04					45,888	45,888		#64010 Endowment fund	W
	6/16/05		1,070,000			43,000	1,070,000		#21782 Vermont Medicaid	To purchase medical equipment To cover FY2005 expenses - funds available because of retroactive
							,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		- Total Vallion Modele	settlement,
								1,115,888		
EMPLOYMENT & TRAINING:										
DET						<u> </u>				
J	7/27/04		165,605				165,605		Employer/Participant Co-pay	
	,,,,,,,		100,000				100,000		Employer/Participant Co-pay	June expenditures which cannot be released without use of special fund
								165,605	· · · · · · · · · · · · · · · · · · ·	
								103,003		
NATURAL RESOURCES:									<u> </u>	
ANR Administration	40/00/2		An							
	10/29/04		30,124				30,124		#21769 NR - Stratton Mountain Corp	Payment to town of Jamaica for clean-up according to settlement.
			-							
Environmental Conservation								30,124		
	8/10/04		250,000		 		250,000		#21295 Environmental Permit Fund	To implement TMDI in accordance in A 4 4 4 9 900 0
	8/6/04		300,000				300,000		#21295 Environmental Permit Fund #21275 Env. Contingency Fund	To implement TMDL in accordance with Act 140 (2004) To make a payment to EPA for Vermont's portion of the clean-up at
				· .			000,000		#21210 Env. Condingency Fund	Elizabeth Mine.
	10/29/04		120,000				120,000		#21772 Local Community Implementation fund	For contracts & grants in accordance with Act 140 (2004)
	1/28/05		1,800,000				1,800,000		#21255 Petroleum Clean-up Fund (PCF)	For Home Heating Fuel Program - to keep the pay for performance
										contracts moving for the PCF site work.
	1/28/05		100,000				100,000		#21315 Heritage Environmental (used to be Sunderland	For supplemental environmental projects. Funds are available as the
									· ·	result of an enforcement action from Heritage Environmental Services.
	E10.4/05									
	5/24/05	900,000					900,000		#22005 - Federal funds	Used for salaries, and for pass through grants and contracts. Funds are
										from a variety of grants - Environmental Results project, Brownfields,
										map modernization, Lake Champlain basin & Aquatic nuisance from Army Corp of Engineers
								0.470.000		7 amy corp of Engineers
Fish & Wildlife	· · · · · · · · · · · · · · · · · · ·							. 3,470,000		
	12/2/04				11,350		11,350		#21500 Interunit Transfer	Used to update dept, databases on wildlife habitat on state lands.
	3/8/05					30,000	30,000		#20390 Watershed Mgmt. Fund	To make grants to communities for watershed mgmt projects.
	3/28/05					270,000	270,000		#20310 Non-game wildlife fund	For activities related to non-game species
	5/4/05					137,000	137,000		#20310 Non-game wildlife fund	For activities related to non-game species. Covers the cost of staff.
	6/14/05									
	6/14/05					155,222	155,222		#20330 F&W License Fund	For equipment purchase and OT costs associated with border patrol.
								603,572		
Forests, Parks & Recreation								003,372		
	7/13/04		747,000				747,000		#21293 FPR -Lands Acquisition	To purchase an easement on a parcel bordering Lake Ninevah in Mt.
									1	Holly to ensure public access. This is corrected by a later excess receipt
	27272				-					(ER602). Should have been federal funds.
	8/4/04		400,000				400,000		#21440 All Terrain Vehicles	To fund VASA to construct and maintain statewide ATV trail system,
	9/9/04				200 000					
	3/18/05		170,000		300,000		300,000		#21500 Interdepartmental Transfer	To be used for Parks major maintenance projects.
·	3/ 10/03		170,000				170,000		#21495 Snowmobile Trails	To maintain statewide snowmobile trail system. This is a pass-thru gran to VAST.
	3/28/05		656,000				656,000		#21293 FPR -Lands Acquisition	To purchase an easement on Monadnock Mt., Lemington, This is
	Į	,]	corrected by a later excess receipt (ER602). Should have been federal
	5/24/05	· · · · · · · · · · · · · · · · · · ·	60,000				00.00=		HOLLEG LA D	funds.
	6/16/05	75,000		-			60,000 75,000		#21455 Vt Recreational Trail Fund #22005 Federal Funds	Payment on recreation trail grants
	6/16/05	. 5,550			24,680		24,680	· · · · · · · · · · · · · · · · · · ·	#21500 Interdepartmental Transfer	To fund parks infrastructure projects. To perform insect surveys for Agriculture.
	6/16/05		70,000				70,000		#21779 FPR - VYCC	To pay Vermont Youth Conservation Corp Salaries
	6/16/05		10,000				10,000		#21475 Natural Resource Mgt	To cover costs of managing state lands
' I	6/16/05	,	12,358				12,358		#21783 FPR - FEMA Disasters	To cover portion of last payroll. Funds are the admin portion remaining
	6/16/05		53,000				53,000	•	#21495 Snowmobile Trails	from grants related to disasters.
							55,000		RE 1700 ONOWINDING ITAIIS	To maintain statewide snowmobile trail system. This is a pass thru gran to VAST.
	6/16/05	6,300					6,300		#22005 National Rec Trail Fund - Federal funds	To pay Vermont Youth Conservation Corp Salaries
	6/30/05	1,403,000		1			1,403,000		#22005 US FS - Legacy - Federal funds	Corrective excess receipt requested by FinOps. Originally appropriated
	1									from lands acquisition fund - but because federal funds should come
	j									from the federal funds appropriation - this corrective excess receipt is
	l						l			needed. Funds used to purchase easements on Monadnock Mt. Properl Nurse Mt. property and parcel near Lake Ninevah
	ļ						i			Property and pareer near Lake Millevall
			-	 				3,987,338		
						1			I .	1

cess receipts EOFY 2005 - cumula	stil	E.	VOCCO DECEMBE	ADDDOVED FOR	F1/000F 1 1 4 6					
11/7/05 4:18 Pf		E/	XCESS RECEIPTS	APPROVED FOR	R FY2005: July 1, 20	104 - June 30, 2005	<u> </u>			
n c	DATE									
	DAIL								i	
	APPROVED	FEDERAL	SPECIAL	INTERNAL	INTERDEPT'L	· · · · · · · · · · · · · · · · · · ·		DEPT		
DEPARTMENT	By Sec Admin	FUNDS	FUNDS	SVC FUNDS	TRANSFERS	OTHER	TOTAL	TOTAL	SOURCE OF RECEIPTS	PURPOSE
COMMERCE:								······································		
lousing & Community Affairs										
	7/19/04				68,901		68,901		#21500	For support of Historic Resource Mgmt System
	7/26/04		250,000				250,000		#21330	To provide outreach and training for Municipal Offices, land use plannii & reg.
	7/21/04	450,000					450,000		#22005 Program Income/ CDBG	Use of excess CDBG grant funds to assist communities.
	7/7/04	· · · · · · · · · · · · · · · · · · ·			10,000		10,000		#21500	For support of pre-disaster and hazard mitigation program
	7/13/04		65,000				65,000		#21330	For brownfield analysis and remediation
	8/19/04		2,354				2,354		#21397 Special Funds	To pay BGS for the production costs of the National Register CD's.
										, , , , , , , , , , , , , , , , , , , ,
	8/19/04		39,900				39,900		#21325	For operating expenses for state owned historic site programs
	8/19/04		544,810				544,810		#21575 AOT Special Funds	To make grant payments to designated downtowns for capital
						*				improvements and or transportation projects.
	8/19/04		74,696				74,696		#21955 Property Assessment Fund	For Vt Municipalities seeking to study the cost of remediation of proper
		l		•					, ,	located in town or to bring a building in town into code compliance. Tow
		ŀ								may apply for grants up to \$10,000
	8/19/04		40,000				40,000		#21820 Misc. Receipts - Fund	To contract with 4 consultants to obtain commercial credit analyses of
					ļ.					business loans and development project loans for which a grant
		-			j					application has been made.
	1/11/05				20,000		20,000		#21500 Human Rights Grant	For Fair Housing outreach and education campaign
	4/21/05	250,000					250,000		#22005	To cover existing disaster relief recipient payments
								1,815,661		to over storing areases resolven paymonts
Economic Development										
	7/14/04		50,000				50,000		#21085	To support International Center for Captive Insurance Education
	4/6/05		15,000				15,000		#21970	To cover GMAC conference expenses
	4/26/05	53,288					53,288		#22005	To cover GMAC salary, contractual and OE
	6/16/05		35,325				35,325		#21085	To fund additional captive insurance marketing efforts
								153,613		
TRANSPORTATION:										
TRANSPORTATION.										
	1/17/04		192.680		l		192,680	7	#21555 Emergency Relief Assistance	W. J. C. FEW S. J. D. J. T. J. J. J. J. J. J. J. J. J. J. J. J. J.
	2/15/05		192,000			800.000	800,000		#21555 Emergency Relief Assistance #20150 FEMA (goes into TF)	Match for FEMA Fund Disaster, FEMA-1559-DR-VT
	4/21/05					700,000	700,000		#20135 Federal FHWA (goes into TF)	Disaster Funds FEMA-1559-DR-VT
	5/9/05			650.000		700,000	650,000		#20135 Federal FHVVA (goes into TF) #57100 Highway Garage Fund	Expenses related to intelligent transportation systems Central Garage expenses for the remainder of FY05
	5/24/05					275,215	275.215		#20135 Federal FHWA (goes into TF)	
	5/24/05					1,200,000	1,200,000	· · · · · · · · · · · · · · · · · · ·	#20145 Federal FTA (goes into TF)	For use on PRISM Project To reimburse public transit providers for approved capital equip.
					·	1,200,000	1,200,000		"Est to redefail 17 (goes line 11)	purchases
	5/24/05					100,000	100,000		#20135 Federal FHWA (goes into TF)	For use for the RIDE (013) Project
	6/15/05					18,101	18,101		#20105	To be used for transportation projects previously approved by Legislat
	7/7/05		·		210,000		210,000		#21500	Reimbursement for purchase of message signs & generators
								4,145,996		The state of the s
TOTALS	 	51,158,055	64,084,320	4 760 050	0.744 (70	4.004.400	400 007 700	400 007 ===		
iointo .		31,130,055	04,004,320	4,760,050	2,744,179	4,061,126	126,807,730	126,807,730		

MINUTES

Joint Fiscal Committee Meeting of November 17, 2005

Representative Martha Heath, Chair, called the meeting of the Joint Fiscal Committee to order at 9:45 a.m. in Room 11, State House.

Also present: Representatives Obuchowski, Perry, Severance and Westman
Senators Bartlett, Sears, and Snelling

Others attending the meeting included Senator White; Joint Fiscal Committee staff; Administration staff; representatives of advocacy groups; and members of the news media.

APPROVAL OF MINUTES OF PRIOR MEETINGS:

1. Minutes of the meetings of September 15, September 28, September 30 and the joint meeting with Transportation Committee Chairs on September 15 were distributed in advance of the meeting.

Representative Obuchowski asked that the September 30 minutes be corrected on page 5 to reflect that he abstained from voting on the motion to grant contingent approval of the Global Commitment to Health Demonstration Waiver Program. His reason for abstaining was that he did not believe he had enough information to cast an intelligent vote on the subject.

Representative Severance pointed out that in the September 15 minutes, on page 8, third line of the third paragraph, the word "other" in the first instance should be removed.

Representative Westman moved approval of the four sets of minutes, with the corrections noted above. The motion was seconded by Senator Snelling and adopted.

REVENUE UPDATE:

2. Chief Fiscal Officer Stephen Klein presented tracking sheets reflecting actual versus target revenues in the General, Transportation and Education funds for each of the four full months of the current fiscal year. Overall, General Fund revenues exceed the forecast for the period by \$17.7 million.

Mr. Klein mentioned certain tax categories which the Fiscal Office is watching; for example, the Personal Income Tax, where receipts lag estimates by

nearly \$3 million for the four months. While there is not a discernible trend, the picture is less positive than that of the comparable period last year.

The Estate Tax has generated \$17 million already in fiscal 2006. He noted that if Estate Tax receipts exceed the consensus forecast by 125 percent, the excess goes to the Higher Education Trust Fund.

Transportation Fund receipts are running approximately on target, and in the Education Fund total revenues exceed the forecast by about \$2 million.

FISCAL YEAR 2006 BUDGET ADJUSTMENTS:

3. Commissioner of Finance and Management James Reardon reported that his department is still working with the various agencies and departments to address their fiscal year 2006 budget adjustment needs.

Some unexpected developments will result in a higher amount available for these adjustments. He expected that the State has available on a one-time basis \$42 million General Funds based on current law revenue and the amount which remains in State fiscal year 2005 above the appropriated level. In the Transportation Fund, however, the revenue forecast has been downgraded by approximately \$5 million, an issue which will have to be addressed in the FY 2006 budget adjustment bill.

Spending pressures continue to be significant, especially in human services areas, and he described some of the needs for additional funding which will have to be addressed. In response to a request from Representative Perry, the Commissioner expressed reluctance to send Committee members a memorandum containing the information presented orally today, because the Administration's budget adjustment discussions are still in progress. Nevertheless, he agreed to furnish a preliminary outline of some of the issues.

During the discussion, Mr. Reardon made the statement that he guaranteed that in the process of formulating recommendations for adjustments in current year appropriations, the Administration will not place children at risk.

The Commissioner was not optimistic about the outlook for fiscal year 2007, in which he did not anticipate a windfall in revenues but did expect very significant spending pressures; for example, those in Medicaid and the State Teachers Retirement System. He warned that some significant and hard pressures must be faced in development of the FY 2007 budget, and he said he firmly believed that increased taxes are not the solution. He also said he is very concerned about Transportation Fund revenues, where he thinks there are some structural problems in terms of the flow of transportation funding.

Much of the rest of Commissioner Reardon's presentation centered on the major driving pressures behind anticipated upward cost pressures and on his approach to developing the State budget for next year. The latter included generally exempting from reductions small organizations and offices which receive State funding as well as maintaining at least current service levels in some key areas.

ALLOCATION OF PAY ACT FUNDING:

4. Mr. Reardon also gave a report on allocation of pay act funds, as required annually by statute amended in Section 12 of Act 66 of the 2005 session. The report was provided to all members in writing, accompanied by a memorandum which explained the formula for computing the allocations and the basis for the formula. [Note: This material is on file in the Joint Fiscal Office.]

FISCAL YEAR 2007 PROPERTY TAX:

5. Mark Perrault from the Joint Fiscal Office presented an update on the Education Fund outlook for fiscal year 2007, prefaced with an explanation of the applicability of Act 68 of 2004 (the currently applicable law governing education funding) to setting rates for the taxes that flow into the fund.

He recalled that at the September 18 meeting, the expectation was that given the figure then projected as the Education Fund undesignated balance for FY 2007, education tax rates possibly could be reduced three to five cents for that year. Since then the outlook has been updated to an undesignated balance of approximately \$20,000,000, essentially a consensus figure which in fact would be sufficient to reduce rates by three to five cents.

Mr. Perrault distributed and discussed a sheet depicting Education Fund assumptions, sources and uses and final figures for FY 2005 as well as preliminary ones for 2006 and projections for 2007 and 2008 for both the base homestead tax rate and the uniform non-homestead tax rate, (a) based on the current law rates; and (b) reflecting the effect of reducing the respective rates in 2007 to \$0.99 and \$1.48.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP):

6. As requested by Representative Obuchowski at the September 15 meeting, Betsy Forrest, Deputy Commissioner of the Department for Children and Families, Economic Services Division, reported on the status of the state's fuel assistance program.

Of 25,454 applications received through November 15, the number processed is 20,663. Fuel liability households number 20,729, with a total disbursement of \$14,631,417 and an average benefit of \$1,364.

Ms. Forrest told the Committee that notices to recipients about their scheduled benefits will be mailed November 23. Another benefit run is scheduled for November 29 to issue benefits to September applicants plus any August applicants who had outstanding verification requests on November 15.

Committee discussion focused on the large number of applications received since September which have not yet been processed. In response to concerns and questions on the part of numerous members about the reason for the substantial delay, the Deputy Commissioner explained that the department has just seven benefit specialists processing fuel assistance applications. They are spending considerable overtime hours in the process. Furthermore, she said that they are processing more applications than they did in 2005 and had a much higher volume in the July-August time frame than was true in the past.

Representative Obuchowski in particular had many questions about the application review process and how to expedite it. He asked if some people will be cold and at risk because of the situation, and both he and Senator Sears wondered whether consideration has been given to transferring employees from other parts of the Agency of Human Services to help in this emergency. Ms. Forrest replied that that could be considered but that all the benefit specialists are fully engaged in processing applications for other things. Transferring employees might result in delays in processing benefits for those programs. She also told the Committee that three weeks would be required to train temporary staff to assist with the backlog.

The Chair inquired as to whether all the September and October applications will be processed in time to be included in the November 29 payments and was told that all the September ones will be and that the department will try to complete the review of October applications by then.

Representative Obuchowski made the point that the Legislature has done all it can to ensure fuel assistance needs would be met during the coming heating season and that it depends upon the allocation and distribution system for payments.

In an effort to communicate to the Administration how crucial the members regard this matter, <u>Senator Sears proposed that the Joint Fiscal Committee adopt a motion strongly urging the Secretary of Human Services either to hire temporary employees, to shift staff within the agency, or to develop another course of action in order to expedite the processing of fuel assistance applications. The motion was seconded by Senator Snelling and, after additional discussion, adopted on a voice vote.</u>

MEDICAID DEFICIT PROJECTIONS:

7. Associate Fiscal Officer Stephanie Barrett gave a brief update on what the total Medicaid deficit looks like before the application of Global Commitment savings. She distributed a summary sheet and reviewed its highlights, pointing out that the amounts of expectations in the out-years represent the only real change since August projection updates. The figures for the current fiscal year will change shortly when budget adjustment numbers are known.

Representative Obuchowski inquired as to whether the projections take into account the 27,000 Vermonters who are eligible but not enrolled in Medicaid. Ms. Barrett replied that they are not included in the deficit projections. In view of time constraints and the fact that this subject will constitute an important part of the Legislature's health care deliberations, the Chair preferred that the Committee not discuss it at this meeting. Senator Bartlett added that the Administration should supply those numbers as opposed to using Fiscal Office staff time.

MEDICARE PART D (PRESCRIPTION DRUG BENEFIT):

- **8.** Stephen Klein introduced new Fiscal Office staff member Don Dickey, who was hired pursuant to the Committee's September 30 action authorizing establishment of a staff position to assist the Legislature in the oversight and implementation of the Global Commitment Medicaid waiver and to serve as a liaison with several legislative advisory and oversight committees. Because of Mr. Dickey's experience as a Medicare policy analyst who in a prior position was involved in the implementation of Medicare Part D, Mr. Klein asked him to tell the Committee today about that program.
- Mr. Dickey handed out a table and a list of the 42 plans offered in Vermont to eligible enrollees in the new federal Medicare Part D prescription drug benefit program that will go into effect January 1, 2006. He summarized the current situation with respect to Vermonters' participation in the program and what can be expected in the coming year.

He pointed out that his focus was not on the state's entire Medicare population numbering approximately 90,000 individuals, but rather on the 30,000 among them who receive pharmacy benefits through the state. Fifteen thousand (15,000) of the latter number are eligible for both Medicare and Medicaid and are termed "dual eligibles," while the remaining approximately 15,000 people are eligible for the state's pharmacy program. On January 1, the state no longer will be the primary payer for pharmaceuticals for both these categories of individuals; instead, Medicare Part D will be the primary payer.

Mr. Dickey went on to address and answer questions about various issues relating to the transition and the potential effects on the elderly VSCRIPT population.

GLOBAL COMMITMENT – PRELIMINARY PRESENTATION ON TERMS AND CONDITIONS:

9. The Committee took up the subject of the Global Commitment to Health Demonstration Waiver Program, in accordance with action at the September 30 meeting granting contingent approval of the waiver agreement, with full approval to be given on or before November 17 if certain stipulated conditions were met by that time. Prior to the meeting, the members received numerous documents relating to approval, among them four of the five required in the September 30 Committee action. (Those documents are on file in the Joint Fiscal Office.)

The Chair pointed out that, as explained in a November 8 letter to her and Vice Chair Bartlett, which was included in the advance mailing, the actuarial firm engaged in the certification process for the premium range amounts has notified the Administration that it will need a few additional days to complete its analyses. Another Committee meeting therefore will be required to review that information.

Participants and presenters in the discussion were Steve Kappel, Associate Fiscal Officer; Susan Besio, Director of Planning for the Agency of Human Services; and Joshua Slen, Director of the Office of Vermont Health Access (OVHA).

Mr. Kappel reviewed section 40 of the Special Terms and Conditions that in essence allows that once the obligations to the current Medicaid beneficiaries have been met, if there is additional funding under the premium that those unused funds can be spent for one of four different future initiatives authorized by the Legislature to improve access to and quality of health care services received by the uninsured and underinsured. He outlined the approach followed to identify any health care related programs funded 100% with state dollars, because that provides the opportunity to obtain matching funds, and explained the process of evaluating specific spending items to determine the applicability of section 40 to them.

Representative Obuchowski asked where on that list of targeted programs are the 27,000 Vermonters who are Medicaid eligible but not enrolled. Mr. Kappel replied that nothing on the list reflects expenditures associated with those individuals. Upon further inquiry from the Representative, Joshua Slen said that thus far his office has not made an estimate of those expenditures nor been

asked to. He offered to develop one that provides a range of possibilities, which Representative Obuchowski said would be helpful.

Ms. Besio reiterated Mr. Kappel's testimony about the deliberative process followed in developing and ascertaining the accuracy of the list of targeted programs for Managed Care Organization (MCO) investments in fiscal year 2006 and application of the waiver parameters. She assumed that the programs will continue to be part of the budget discussions in the upcoming session and said that the Administration in collaboration with the Joint Fiscal Office will continue to refine and augment the list of programs. Answering a question from Representative Westman, she affirmed that the list no longer has to be presented to the federal government.

After more discussion, the Chair invited Senator Jeannette White, Chair of the Health Access Oversight Committee (HAOC), to comment. The Senator presented and highlighted a November 16 letter addressed by her on behalf of the HAOC to the Fiscal Committee, communicating the former's suggestions to AHS on the subject of the draft letter to the Centers for Medicare and Medicaid Services (CMS) signifying Vermont's formal acceptance of the Special Terms and Conditions of the demonstration waiver. Copies of that letter, reflecting changes from the version previously sent to them, were provided to Committee members.

A major change which the oversight committee recommended was that the letter to CMS state more prominently that the Vermont Legislature must approve any changes to eligibility requirements and benefits under the demonstration waiver. This recommendation and the others, the primary purpose of which Senator White said is to avoid future misunderstandings about what the two parties have agreed to, were clearly outlined in the new draft letter, which is on file in the Joint Fiscal Office.

The discussion came to a close with adoption of the following motion, introduced by Senator Bartlett and seconded by Representative Westman:

The Joint Fiscal Committee finds that the following conditions of the September 30th motion of contingent approval of the Global Commitment to Health Demonstration Waiver Program have been met:

Condition:

- (1) Complete demonstration provisions furnished
- (4) MCO savings identified
- (5) Attorney General review

Based on an Administration request, the Committee hereby postpones until November 30th * consideration of two remaining conditions: (2) "Final premium amounts determined to be sufficient" and (3) "Agreement regarding future years' premiums."

At that meeting the Committee will also complete final review of the letter of acceptance and carry out a final approval vote.

(* Note: The date of the next meeting subsequently was changed to December 13, 2005)

At 12:15 p.m. the Committee, on a motion by Representative Westman which was seconded by Representative Severance, voted to go into executive session to discuss a security issue. At this point, all persons in the room with the exception of Stephen Klein and Virginia Catone of the Joint Fiscal Office, and Chris Reinfurt, Director of Homeland Security in the Department of Public Safety, departed from the meeting.

The Committee reconvened in open session at 12:35 p.m.

NEXT MEETING DATE:

10. The Committee agreed to meet next at 1:00 p.m. on November 30] to complete its consideration of the Global Commitment to Health Demonstration Waiver Program. (Note: That meeting later was postponed until December 13.]89

FISCAL OFFICER'S REPORT:

11. Mr. Klein called attention to his November 9 written report on various subjects including current year revenues and expenditures, various health care matters, summer study activity, and other matters including some pertaining specifically to the Joint Fiscal Office.

JOINT FISCAL COMMITTEE AND OFFICE BUDGET FOR FISCAL YEAR 2007:

12. The Chief Fiscal Officer also distributed copies of an October 20 memorandum to the Commissioner of Finance regarding the Committee and Office budget for next fiscal year. For reasons explained in that document, he was seeking approval of a \$1,151,604 appropriation for fiscal year 2007, an increase of \$33,231 (3%) over the current year base appropriation. The figure reflects the roll out of pay act and other inflationary increases in addition to the FY 2006 base.

Representative Obuchowski moved approval of the \$1,151,604 appropriation which Mr. Klein proposed for fiscal year 2007. The motion was seconded and adopted.

The meeting was adjourned at 12:50 p.m.

Respectfully submitted:

Virginia F. Catone
Joint Fiscal Office

